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FINANCIAL CHRONICLE
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Volume 158 Number 4212
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Gwilym Price Is Westinghouse V.-P.

Election of Gwilym A. Price, of Pittsburgh, as a Vice-President of the Westinghouse Electric & Manufacturing Company, has been announced by A. W. Robertson, Chairman of Westinghouse. Mr. Price assumed his new duties yesterday at which time his resignation as President of the Peoples-Pittsburgh Trust Company became effective. At Westinghouse, his responsibilities will include settlement of war contracts.

Gwilym A. Price

L. H. Gethoefer, Chairman of the Board, stated that J. O. Miller, senior Vice-President and Chairman of the Executive Committee will serve as Acting President. Mr. Gethoefer also announced the election of Robert D. Ferguson as Vice-President in charge of trusts

(Continued on page 1102)

In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri appear in this issue.

Connecticut on page 1092; Michigan, page 1091, and Missouri on page 1090.

General index on page 1108

Utilities Need Relief From Unnecessary Wartime Regulations

By LUTHER R. NASH

For nearly two years this country has been actively engaged in a global war. For a similar preceding period it was furnishing increasing quantities of war materials and supplies to countries that are now our allies. This ever expanding participation is having its effect upon all classes of people and business. It is clearly intended that the present war job shall be so well done that it will not be necessary to repeat it with increasing cost and intensity a generation hence.

Public utilities have been called upon for their full share in the war effort, including extraordinary jobs incident thereto, and have carried on willingly and successfully. But other, unusual and unrelated tasks have been superimposed which have not been cheerfully assumed, not only because they had no current significance but also because they have seriously interfered with essential war activities and problems.

Luther R. Nash

It is the purpose of this paper to review some of the war obligations assumed by public utilities, with particular reference to operating electric power companies as typical of the various classes of utilities, all of which are rendering outstanding service although not all are subject to the agencies referred to herein; also to examine the difficulties under which these obligations are being met; and, finally, to consider the pressing need for relief from nonessential distractions.

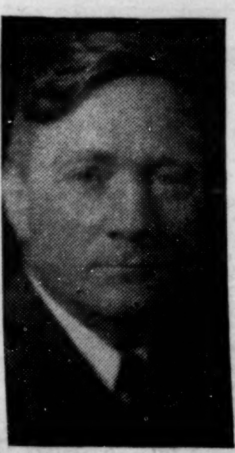
Electric power companies have a long-standing obligation to furnish service to all applicants,

(Continued on page 1096)

To Keep American Tradition Alive We Must Blaze Trail For The World

We Cannot, However, Assume Sole Responsibility For Solving International Affairs, Says Justice Douglas

Declaring that "the war is more than the immediate challenge of military might which we are meeting so triumphantly," Justice William O. Douglas of the United States Supreme Court depicted it as "part of a continuing challenge to our whole way of life." "Now that our position in the world . . . is being challenged," said Justice Douglas, addressing the Commonwealth Club of San Francisco last Friday, "all Americans are considering what our policy toward the rest of the world should be when the war is won." "Even if we wanted to," he said, "we could not assume sole responsibility for solving international problems." "We should not forget," he stated "that every other nation knows more about its own troubles and problems than we do or ever can." Justice Douglas went on to say: "No matter how high our ideals or motives, we can hardly qualify as managers of the affairs of other nations. What may be good for them may be anathema to us or **vice versa.** The history, the traditions of people vary throughout the world. Each must work out its own destiny. We should let others have the same free choice which we reserve for ourselves." He added that "we must not disparage and underestimate other


William O. Douglas

(Continued on page 1100)

Planned Economy And Free Enterprise

By DR. CLYDE WILLIAM PHELPS

Head of the Department of Economics, University of Chattanooga

The National Resources Planning Board is being terminated. But there still remain more than a hundred government and other agencies busily planning the shape of our post-war economy. It begins to appear that our destiny is a planned economy of some sort, like it or not.

Even before the war, the trend toward governmentally planned and directed economy had become worldwide. In the United States progress in this direction during the pre-war decade, although steady, was rather slow compared with that in many other countries. A well-established free enterprise system which has operated for generations under the favorable political climate of a self-reliant democracy does not transform itself overnight into a collectivist state. It possesses a strong survival value. And its transformation into a collectivist system is much more easily accomplished by the shrewd distribution of **dollars** and **special privileges** than by the use of **bullets** and **violence**, so frequently employed abroad.

Dr. C. Wm. Phelps

But the war has speeded up the movement, for a free enterprise system must convert itself into at least a semi-totalitarian state in order to fight successfully a powerful totalitarian country. It is no answer to say that we returned to free enterprise after the first World War. Then,

(Continued on page 1094)

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Catching Up With The "American Radical"

MUTUAL LIFE OFFICIAL SAYS TAXES DENY FAMILY SECURITY

Cites $850,000 Total Earnings To Leave $100,000 In 10 Years

Says Conant's "American Radicals" Already Are Here; Warns Underwriters of the Future

Declaring that "there can be no denying the right to tax and to tax heavily in time of national urgency and for the purpose of raising necessary revenue," but questioning "any tax which is levied for the sole purpose of social reform or which in effect would deny to a widow the right to live in security as a direct result of her husband's personal initiative and thrift," Julian S. Myrick, 2nd Vice-President of The Mutual Life Insurance Company of New York and Board Chairman of the American College of Life Underwriters, last Thursday pointed out to 300 members and guests of the Boston Chapter of Chartered Life Underwriters that under today's income and estate tax laws a man must earn $85,000 a year and live on $16,300 of it in order to leave a net estate of $100,000 for his family ten years from now.

Julian S. Myrick

"Of course, there's a war to be won, and war takes astronomical amounts of money," Mr. Myrick declared, "but the handwriting is on the wall and you had better start thinking right now about how you are going to leave a fair competence for your family—whether through stocks, bonds, real estate, life insurance, or other property—and start talking with your legislator friends about the future so that there may be **no misunderstanding whatever** when this war is over."

Taking issue with a magazine article by Dr. James B. Conant, President of Harvard University, in which Dr. Conant calls for a post-war "American Radical" who would "be resolute in his demand to confiscate (by constitutional methods) all property once a generation" and would "demand really effective inheritance and gift taxes and the breaking up of trust funds and estates," Mr. Myrick said:

"The tax situation which exists today shows pretty conclusively that Dr. Conant is a little late in

(Continued on page 1093)

Hull Favors Organized Internat'l Co-operation To Keep Peace—By Force, If Necessary

Secretary of State Cordell Hull, in a radio address on Sept. 12, called for an organized system of international cooperation with the maintenance of peace as its paramount objective, "based upon the willingness of the cooperating nations to use force, if necessary to keep the peace."

Speaking on "Our Foreign Policy in the Framework of Our National Interests," Mr. Hull stated that 'readiness to use force, if necessary, for the maintenance of peace is indispensable if effective substitutes for war are to be found."

As to the means for restraining aggressors and nations seeking by force their own purposes, the Secretary explained that the peacefully inclined nations must be willing to accept responsibility for this task, adding, however, that the problem is being studied intensively by this and other governments.

Regarding other differences which lead toward armed conflict, Mr. Hull said that those of a political character should be submitted to agencies for settlement by "discussion, negotiation, conciliation and good offices," while disputes of a legal nature should be adjudicated by an international court of justice. Sec-

(Continued on page 1104)

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Harold W. Davis With F. S. Moseley & Co.

Harold W. Davis has become associated with F. S. Moseley & Co., 14 Wall St., New York City, members of the New York Stock Exchange, in an executive capacity in the sales and underwriting department. He was formerly associated with Laird, Bissell & Meeds and prior to 1938, was a partner in the firm of Munds, Winslow & Potter.

Harold W. Davis

For a period of six years, Mr. Davis acted as Supervisor of Westchester County and was chairman of a special committee dealing with the finances of the county and its municipal sub-divisions.

Goodbody's Canadian Dept. Has Anniversary

Herb Hipkins and Jerry Burchard, Managers of the Canadian Securities Department of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, are celebrating the first anniversary of their association with the firm and receiving congratulations from brokers and banks throughout the United States and Canada.

Their department has been enlarged in personnel and facilities during the past six months, and has direct wires to Montreal and Toronto.

Gisholt Co. Interesting

Gisholt Machine Co. offers an attractive situation, according to a memorandum prepared by Herzog & Co., 170 Broadway, New York City. Copies of this interesting memorandum may be obtained upon request from Herzog & Co.

Post-War Rail Prospects

McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange, have just issued an interesting circular entitled "Railroads—Some Thoughts on Post-War Prospects." Copies of this circular may be had from the firm upon request.

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Norris E. Moore Is With Amott, Baker

Norris E. Moore has become associated with Amott, Baker & Co., Incorporated, 150 Broadway, New York City. Mr. Norris was formerly with Cohu & Torrey. Also joining the staff of Amott, Baker & Co. are Louis E. Darling and Irving Heine.

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House Of Morgan And Morgan Stanley Not Related, SEC Decides

The community of interest which the Securities and Exchange Commission for a long time has claimed to exist between J. P. Morgan & Co., Inc., and the investment banking firm of Morgan Stanley & Co., is no longer present, the Commission has informed the bank.

On the strength of its former contention the SEC had refused to allow the bank to act as trustee for bond issues floated by the investment banking form. Authority over such matters was held by the SEC under the Trust Indenture Act.

When the SEC first contended that a community of interest existed, the investment banking business was being conducted by Morgan Stanley & Co., Inc., which was later changed from corporate to firm status, thus eliminating any question about stock ownership. Even after this the question of a "father and son" relationship was raised. The death of J. P. Morgan, head of the bank, several months ago, is believed to have influenced the SEC in its recent declaration that the community of interest no longer exists.

Lt. Masek In R. I.

Lt. (j. g.) Joseph E. Masek is now stationed at the U. S. Naval Air Station at Quonset Point, Rhode Island [Platoon 9, NTS (I)]. Lt. Masek was formerly with Charles E. Fuller Co. of Minneapolis.

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Tomorrow's Markets Walter Whyte Says——

Current stalemate at old resistance level not a good omen. Continue advise "hands off" until market picture clears.

By WALTER WHYTE

The averages are again beginning to nibble at the 139-140 (Dow) range, but so far the small advance registered since last week has failed to awaken any enthusiasm.

* * *

Here and there isolated stocks manage to poke through fractionally to new highs but in no case do these performances carry over well enough to either attract new buyers or affect the market as a whole.

* * *

Last week and the week before this column went on record with the opinion that the Dow averages, then about 137, would crawl up to about 138 to the accompaniment of a general feeling of nascent optimism. But instead of going forward from that point, this column felt that a reversal carrying the averages down to as low as 130, would be witnessed.

* * *

In the last seven days the market has had electrifying news. Italy, the weak sister of the Axis, has given up. But following the tendency of the market never to discount the same thing twice, this news found the market disinterested. Yes, it rallied from about 136 to 138 or so, but beyond that it seemed to lose all

(Continued on page 1104)

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The Future Of Interest Rates

With Special Reference To The Treasury's Borrowing Policy

In his article which appeared in the "Chronicle" of Aug. 26, captioned as above, Benjamin M. Anderson, Ph.D., Professor of Economics at the University of California and former economist of the Chase National Bank of the City of New York, presented an extremely profound analysis of the probable future trend of interest rates. The author, who is recognized as a leading international authority on fiscal and monetary matters, discussed this important subject objectively and in light of the fundamental factors which inevitably must govern the movement of interest rates.

Since publication of the article, a large number of comments have been received regarding the views and conclusions drawn by this eminent authority on the subject. Some of the letters were given in these columns on Sept. 2 and Sept. 9; more are given below and others that cannot be accommodated in this issue will appear in subsequent issues.

JOHN J. ROWE,
President, The Fifth Third Union Trust Co., Cincinnati

Dr. Anderson's article on "The Future of Interest Rates" is, in my opinion, one of the most important discussions on the subject which it has been my privilege to read and study. Readers of it may not agree with every paragraph, but the essay stimulates the study of the subject. It is worth reading and rereading many times, and should be studied by all bank officers, all aspirants to the large bank officer family, and corporation officers interested in

John J. Rowe

(Continued on page 1098)

Sakolski Says International Monetary Stabilization Can Be Obtained In Only Two Ways

Editor,
The Commercial and Financial Chronicle:

I wish to compliment you on your editorial in the August 26th issue regarding the Treasury's international monetary stabilization plan. Absolute or even moderate international monetary stabilization can be obtained only in two ways, viz. (1) universal gold (or other metallic standard accompanied by a free and uninterrupted gold market and entire absence of restrictions on international exchange operations or (2) An international bank of rediscount having the **exclusive right** to create and control currency note-issues in all the leading countries. The latter plan would be similar to our own Federal Reserve System, but it would have to go one step further. It would place severe restrictions on the local or national central banks within its jurisdiction against unauthorized financial dealings with their respective governments. The chief source or cause of international monetary instabilization has been the use of central banks by national governments as a means of obtaining currency to meet revenue deficits. Unlike other causes of instability and disequilibrium, this cause is not remedied by economic readjustments. There is no remedy for it but devaluation or repudiation.

A. M. SAKOLSKI,
The City College,
New York City.

September 2, 1943.

Interesting Situations

Federal Water, Farnsworth Television, and Wickwire Spencer Steel offer interesting situations at current levels according to bulletins prepared by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting circulars may be had from the firm upon request.

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Calls For Tenders Of Various Series Bonds

In the latter part of August and the first two weeks in September, Prudence-Bonds Corporation sent notices to bondholders of different Series Issues stating the amount of the "Available Fund" to be used as a sinking fund for the purchase and retirement of bonds. The amount of the Available Funds are listed as follows:

Third Series	$216,376.42
Eighth Series	149,464.59
Ninth Series	177,773.27
Twelfth Series	130,237.63
Fourteenth Series	159,714.39
Sixteenth Series	157,821.41

a total of $991,387.71 (nearly a million dollars) applicable to these six series.

Some of the issues have been reduced by previous prorata distributions. The Board of Directors have set maximum acceptable prices as follows:

Third Series	$490.00 per present face amount of	$1,000
Eighth Series	550.00 per present face amount of	1,000
Ninth Series	490.00 per present face amount of	900
Twelfth Series	630.00 per present face amount of	960
Fourteenth Series	440.00 per present face amount of	1,000
Sixteenth Series	500.00 per present face amount of	980

In the letters asking for tenders, the bondholders have been advised that appraisals have been made by independent appraisers as to the present estimated liquidating value of the collateral securing each Series of Bonds. We believe it is interesting to note the liquidating percentage estimate and its relation to the maximum acceptable tender price.

	Tender Price	Liquidating Value Estimate
Third Series	$490 per $1,000	$694.00 per $1,000
Eighth Series	550 per 1,000	748.00 per 1,000
Ninth Series	490 per 900	665.00 per 900
Twelfth Series	630 per 960	779.00 per 960
Fourteenth Series	440 per 1,000	537.00 per 1,000
Sixteenth Series	500 per 980	638.00 per 980

In every case the present day Liquidating Value Estimate is considerably more than the maximum acceptable tender price which is a few points above the current market bids. It would seem conclusive that at present levels these issues are underprices, and that the continued improvement in general real estate conditions must have the effect of increasing future Liquidating Value Estimates.

Another factor that must not be lost sight of, taking the Third Series as an example, is that the $216,000 Available Fund will at approximately 50 cents on the dollar retire $432,000 bonds of the $3,275,000 publicly held bonds and considerably increase the "Liquidating Value Estimate" per remaining outstanding bond. The estimated value of the collateral today is about $2,273,400 applicable to $3,275,800 bonds but if issue is reduced $432,000 to $2,843,800, the ratio changes to nearly $800 per $1,000 bond which remains outstanding.

Real Estate securities of this type offer good yields and are worthy of consideration for those investors who desire diversification of collateral and future appreciation possibilities.

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Advocates Cessation Of Subsidies To Federal Lending Agencies Competing With Banks

There is just one thing that the powers-that-be in Washington could do that would go a long way toward helping to rectify many things. This is to cease subsidizing Federal lending agencies operating in competition with private financial institutions.

The doing of this would save the Government an enoromus amount of present unnecessary expense. It would relieve the Treasury Department of doing an enormous amount of financing; it would give the country banks of this country, some 15,000 strong, an opportunity to live and continue commercial banking business without finding it absolutely necessary to install systems of pernicious service and exchange charges; it would encourage the country banks to become members of the Federal Reserve System and thereby strengthen the whole financial setup of the country; it would better enable them to finance expenditures of the Government, and last but not least, save the Federal Deposit Insurance Corporation an enormous headache that is coming to them unless something is done to protect the small banks of the country now insured by the Deposit Corporation.

This is a big order in a few lines but a thorough investigation would verify the facts.

H. LANE YOUNG,
President, the Citizens and Southern National Bank, Atlanta, Ga.
September 2, 1943.

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Rio Grande Western Railway Co.
Rio Grande Junction Railway Co.
Denver & Rio Grande R. R. Co.

Holders of bonds of the above are urged to send their names and addresses, together with amounts and issues held to the undersigned. This information is desired for compilation of list of bondholders requested by I.C.C. in connection with the proposed reorganization plan.

Wilson McCarthy and Henry Swan, Trustees,
The Denver & Rio Grande Western Railroad Co.
1531 STOUT STREET DENVER 1, COLORADO

OUR REPORTER'S REPORT

With institutional funds very largely "earmarked" for investment in the Treasury's huge Third War Loan Drive, for the next fortnight at least, the corporate bond market is standing up in a manner which affords considerable satisfaction to banking interests.

As a measure of the extent to which insurance company and savings bank funds are being, or have been, set aside to assist in putting the Treasury's $15,000,000,000 call across, one need only cite the performance of savings banks in New York State.

This group of banks, naturally the largest and most numerous of any savings institutions in the country, are pledged to absorb no less than $600,000,000 of the new war bonds in the current campaign. Normally at least a sizable portion of the foregoing total would be seeking investment through ordinary channels.

When it is considered that the participation of insurance companies assumes even larger proportions, there is no difficulty in understanding why investment bankers shake their heads when somebody raises the question of corporate financing these days, and reply invariably:

"Why talk about that. We've all got a real job to do for the next few weeks. When that task is completed, then we'll see what the corporate market looks like and go back to the regular grind."

Recent Issues Mixed

With the seasoned market more than holding its own in the current hiatus, most of the issues brought to market in the last month or six weeks have been doing as well as might be expected.

There are still some Northern Indiana Public Service 3⅛s to be had around, but the supply is not in sufficient volume to disturb the market.

Pennsylvania Electric's 30-year 3⅛s are still to be had, dealers report, but only in dribs and drabs.

(Continued on page 1091)

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Donald N. Gilbert & Co. Opens Branch In N. Y. C.

Donald N. Gilbert & Co., State Tower Building, Syracuse, N. Y., have opened a branch office in New York City at 435 East 52nd Street.

The firm also announces that Mrs. Alice F. Gilbert is now a partner and that it is now registered with the Securities and Exchange Commission as an investment adviser.

Bond Brokers

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Can Railroad Credit Be Re-Established?

The following conclusions regarding the ability of the railroads to re-establish their credit are reproduced from a study by Pierre R. Bretey of the Research Staff of Goodbody & Co., 115 Broadway, New York City:

We do not subscribe to the defeatist point of view which holds that at least a 40 to 50% decline in railroad earnings is inevitable, that the market will appraise railroad credit in the post-war era lower than in the period, 1938-40, or, stated in another way, that the railroads creditwise are virtually doomed to their former low estate. We of course concede there are adverse factors in the railroad set-up which no investor—whether individual or institutional—can ignore. Yet, as we have tried to point out, such factors are more than offset by numerous constructive factors, such as:

(a) Improved competitive status of the railroad industry;

(b) Improved operating efficiency of the railroads;

(c) Post-war traffic outlook not too dismal.

It may be of interest to investors at this juncture to supplement our own ideas on the post-war outlook with those of several admitted authorities. Mr. P. Harvey Middleton, Executive Vice-President of the Railway Business Association, in his recent monograph, "Transportation," points out that traffic volume (freight ton miles particularly) has paralleled our national income from 1939 to 1943. Whereas our national income has risen from $70.8 billion in 1939 to $119.7 billion in 1942, and $140.0 billion estimated in 1943, freight ton miles by all forms of transportation rose from 540 billion to 942 billion, and 1,050 billion estimated for the same period and years, respectively.

Additionally Mr. Middleton suggests that our armed forces will be distributed all over the world and a substantial proportion of such forces is likely to be retained in these areas to enforce peace. These soldiers will need a sizable amount of transportation facilities wherewith to provide them with essential material. The above needs added to population increase, potential development of new industries (mass housing, etc.) the return of 30 to 40 million acres to cultivation, the rebuilding of our civilian production and the filling of the voids created by the war, suggest that the general decline in traffic volume may well be gradual. Mr. Middleton also believes once we have returned to a normal peacetime business year, future railroad freight volume may well parallel the rise and fall of our national income.

Another leading transportation authority recently consulted, expects railroad traffic, for a period of at least four or five years following the war, to equal if not slightly exceed, levels of 1941.

Broadly speaking, it would appear that if the war should last long enough, most of the borderline roads will have accumulated sufficient cash to reestablish their credit. Even in the event of a short war, many roads have already accumulated sufficient cash to justify the hope that their credit can be restored. Additionally, it is our judgment that the post-war outlook is such that railroad earnings will be greater than generally believed. In fact, we think that peacetime earnings will be sufficiently large to permit of some continued progress in debt reduction, although of necessity at a less rapid rate.

The study itself, which is available to customers without charge but at a cost of $5 to others, contains four tables with financial statistics intended, Goodbody & Co. says, to "indicate to the in-

(Continued on page 1092)

Railroad Securities

The normal fall parade of interest payments has begun to get under way—at least the court requests have started in some instances and in other instances trustees of bondholders' groups have announced their intention of petitioning the courts in the immediate future. Based on the continuing high level of earnings and the unprecedented accumulation of cash, hopes are high for even more liberal disbursements than have been made in the past. Moreover, in many instances the reorganization railroads have arrived, or shortly will arrive, at the point where accumulations on senior bonds have been paid up in full so that holders of intermediate liens may be facing a period of more active direct participation in war earnings. In this connection it is being pointed out that a large proporton of the reorganization mileage is located in the western part of the country where continuing traffic and earnings benefits will be derived from the intensification of the Pacific war even if the recent optimism towards the duration of the European war proves justified.

The most recent road to join the ranks of probable fall interest payers was the St. Louis Southwestern, with a petition filed in the District Court late last week by the trustee asking permission to distribute a total of $4,400,637 to bondholders as back interest. The company's earnings in recent months have been running somewhat below the levels of a year ago due to the heavy tax burden but the cumulative total of net for the seven months through July was still well above 1942 results. Moreover, the full year is expected to show at least some improvement over the excellent results of last year when old fixed charges were earned 2.88 times. With this background, and in view of the fact that the treasury position is materially stronger than it was a year ago, there appears to be little question but that the court will approve the requested distribution. Cash items as of the end of June amounted to 25,786,139 and net working capital of $10,426,413 was almost double the figure of June 30, 1942.

The payments contemplated will pay off all arrears on the 2nd 4s, 1989 through July 1, 1943 and from here on these bonds will presumably be current as to interest. The First Mortgage bonds have been current throughout the reorganization. The payment will amount to $140 per bond. Payments on the Terminal & Unifying 5s will amount to $125 per bond, bringing them up to date through July 1, 1939. Unpaid accumulations to July 1, 1943 will then be reduced to $400. The most junior mortgage issue, the General & Refunding 5s, will receive $75 per bond, leaving them with accumulations to July 1, 1943 of $600 Continuing delays in reorganization (the plan is now before the District Court with extended litigation expected even if the court approves it this fall) might well result in final elimination of all interest accruals on the Terminal & Unifying 5s. Including pledged bonds these accruals now amount to $8,638,400. Additional accruals on the Generals aggregate $18,321,300 and most of this will obviously have to be satisfied in new securities in eventual reorganization.

Announcement of the request for interest payments stimulated renewed interest in the various Cotton Belt bond issues and fairly sharp price gains were registered. Despite these recent advances in a generally desultory railroad bond market, railroad bond men still consider the bonds attractive—the Second Mortgage 4s on an investment basis and the Terminal & Unifying 5s and General 5s for speculative purposes. Cotton Belt is the only reorganization in which the Commission did not consider it necessary as a protection for the future to put the new Second Mortgage 4s on an income basis—interest is fixed. The entire claim of the old Second 4s will be met in this new mortgage. The plan contemplates giving the Terminal 5s $467 in the new Second 4s but this will probably be increased through reallocation of new securities no longer needed to satisfy the claim of the old Second 4s for interest. The balance of the Terminal claim will be met in preferred stock. The $182 of new Second 4s originally allocated to the General 5s will also probably be increased moderately. The Generals are also scheduled to receive $302 in new preferred and $433 in new common, with the further likelihood that the preferred stock allocation will be increased due to reduction in interest claims of the senior bonds.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway (4½s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

St. Louis, San Francisco
Railroad

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THIRD WAR LOAN DRIVE

Personnel of Kansas City and St. Louis investment firms are devoting most of their time these days to the Third War Loan Drive. In St. Louis a luncheon held at the Hotel Jefferson, September 9th, formally launched the program. Great effort is being put forth to make the Drive a success in the shortest possible time. Missouri will "BACK THE ATTACK!"

War Time Prosperity Cuts Debts of St. Louis and Kansas City Traction Companies

Total funded debt of the St. Louis Public Service Company as of July 31, 1943, was $21,448,312, compared with $28,841,164 a year earlier, a net reduction of $7,392,852 or 25.6%. Present outstanding debt consists of $11,185,800 First Mortgage 5s, due January 1, 1959, selling around 98, compared with 89 a year ago; $6,368,552 Convertible Income bonds, due January 1, 1964, selling at 66, compared with 52, and $3,893,960 Collateral Trust Notes, due March 1, 1964, held privately. The class A stock, which is paying dividends of $1 per annum, is selling at 10, compared with a price of 7⅞ a year ago.

Kansas City Public Service Co. has reduced its funded debt from $4,788,331 to $2,682,824, a net reduction of $2,105,507, or more than 43% in eight months. A dealer active in trading the company's securities points out that a continuation of this rate would completely extinguish company's remaining funded debt within ten months. Securities of the company have advanced sharply during the past year. The First 4s 1957 are 92-95 compared with 61-63 a year ago; the preferred stock is quoted 32-36 versus 9-10; and the common is 5-6 compared with a price of 75c.

Mr. W. Pelham H. Turner has been appointed manager of the **New Business Department** of the **Lindell Trust Co. of St. Louis.** Mr. Turner is well known in investment and banking circles, having been engaged in the investment business for many years, most recently as a partner of the former firm of Pierce, Turner & Co. of St. Louis. He has resigned from the Salvage Section of the War Production Board to accept this new position.

Edw. Bakewell Now With Stix & Company

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Edward Bakewell has become associated with Stix & Co., 509 Olive Street, members of the St. Louis Stock Exchange. Mr. Bakewell was previously with Albert Theis and Sons for a number of years and prior thereto was a partner in Moore, Dail and Bakewell.

John Nordman Forming Own Investment Firm

ST. LOUIS, MO. — John Nordman, Assistant Vice-President in charge of Real Estate Mortgage Loans of the St. Louis Union Trust Company, has resigned effective September 15, and will form his own investment company under the name of John Nordman & Company, to deal in general market securities.

Mr. Nordman was with the First National Company, former security affiliate of the First National Bank in St. Louis, from 1919 to 1928, during the latter years of which he held the position of assistant municipal buyer. He joined the St. Louis Union Trust Company in 1928 and was in charge of municipals in the investment department.

It is understood that an application for registration as a securities dealer has been filed with the Securities and Exchange Commission as well as application for membership in the National Association of Securities Dealers, Inc. It is further understood that the Milwaukee Company of Milwaukee, Wisconsin, will be the new firm's correspondent.

Missouri Republicans Ask Willkie For Views On Post-War Problems

The Missouri Republican State Committee has written to Wendell L. Willkie, 1940 Presidential candidate, requesting that he set forth his specific views on post-war problems. Mr. Willkie is reported as promising to discuss the questions "off the record" some time this month in St. Louis.

Associated Press advices Sept. 11 reported the following in the matter:

"The letter recalled that the Missouri delegation gave Mr. Willkie a large vote for nomination at the 1940 convention and declared, "We are not unfriendly now."

"We are unanimously of the opinion that in the post-war world America should seek whatever arrangement of world affairs are in the best interests of America," the letter said.

"We seek enlightenment on method. We should like to have your considered views about this world when it is again at rest."

The questions:

The letter recalled that the United States should become a member of a world supranational state? Would it place United States armed forces under control of the world state?

2. If you favor a world state, what would you do about nations that refuse to come in? Would you force them in by military means?

3. Do you believe in absolute freedom of international trade without restrictions to protect American standards of living?

4. Do you believe a world monetary system should be established, and if so, what relationship would it have to the American dollar?

5. Do you believe in the free and unrestricted movement of people? If so, how do you propose to prevent peoples from Asia . . . overrunning the United States?

6. Do you believe that it is desirable for America to permit flooding our country with alien individuals and alien ideas?

7. In what other respect do you envision the political and economic organization of "One World"?

8. Newspapers report you to have said that if the Republicans adopt a liberal platform they can win. What do you mean by a "liberal platform"? Be specific, please.

9. If you are not the Presidential nominee of the Republican Party in 1944, will you actively support the nominee chosen by the Republican Convention?

The Associated Press further reported:

Grover Dalton, Chairman of the State Committee, said Mr. Willkie promised in a telephone conversation to meet the group in St. Louis some time in September to answer the nine questions and any others on international or domestic issues.

Mr. Willkie, on Sept. 13, stated that he did not say to the St. Louis "Post-Dispatch" "they aren't going to put Willkie on the spot," according to an Associated Press dispatch from St. Louis on Sept. 13, and he declared that what he did say was:

"If I decide to seek the nomination for the Presidency I will, of course, discuss all such questions and many others publicly. I certainly, however, do not wish to spend all my time answering questionnaires.

"Even I ought to have the privilege of selecting the time and place of my own public discussions. To discuss fully the questions submitted in the questionnaire I would have to write another book."

Edw. D. Jones Co. And Whitaker Co. To Merge

ST. LOUIS, MO.—Subject to ratification by the New York Stock Exchange, the St. Louis investment firms of Whitaker & Co. and Edward D. Jones & Co. will merge as of September 23rd, according to plans which became known last week. Officials of the companies would not comment on the program pending action by the New York Stock Exchange.

Whitaker & Company and its predecessors have been engaged in the investment banking business in St. Louis since 1871, the present title having been adopted in 1902. The original firm was founded by Gen. Albert Gallatin Edwards and Leonard Matthews under the name of Edwards and Matthews Company. General Edwards was then Sub-Treasurer of the United States at St. Louis. About 1872 Leonard Matthews was appointed fiscal agent for the United States Government to sell its 5% bonds and in the following year the firm became the fiscal agency for the State of Arkansas.

Edwards Whitaker joined the firm shortly after it began business and upon the retirement of Gen. Edwards in 1874, a new partnership was formed under the name of Matthews & Whitaker, which continued until 1888 when Leonard Matthews retired and a new partnership under the name of Whitaker & Hodgman succeeded to the business. Upon the death of Hodgman in 1902, a new partnership was created under the name of Whitaker and Company, the partners being Edwards Whitaker and H. Blakesly Collins. Edward J. Costigan was admitted to the partnership in 1906. In 1918 Edward G. Stockton and Charles L. Kraft became partners in the firm, followed in 1921 by the admission of Chas. Scudder. In 1929 the business was incorporated under the same name and since then several employees with many years of service have become officers of the company, the present set-up being as follows: Edward J. Costigan, Jr., Roy A. Dickie and Oliver F. Cuddy, Vice-Presidents; John M. Max, Treasurer; Max M. Mason, Secretary; Oliver A. Laun, Auditor.

Edward J. Costigan, Sr., former President of the company, died in April, 1943.

Edward D. Jones & Co., established in 1922, is a partnership, composed of Edward D. Jones, senior partner; Edwin S. Elder, William L. Reiman and Ralph C. Deppe. The firm is a member of the New York, Chicago and St. Louis Stock Exchanges and associate member of the New York Curb. Edward J. Costigan, Jr. will become a junior partner in the new firm to be known as Jones, Whitaker & Co., and employees of both predecessor companies are to be retained. The firm will probably occupy Whitaker & Co.'s offices at 300 No. Fourth St. Edward D. Jones & Co. has been located at 705 Olive St.

Comments On Inflation Article By Wright

Walter G. Benz of St. Paul, Minn., in a recent letter commented as follows regarding Dr. Ivan Wright's article, "Managing a Business for Stockholders Through the Vicissitudes of Inflation," which appeared in the "Chronicle" of July 8:

Below the close of Dr. Wright's article, it states the Chronicle invites comments on Dr. Wright's views, accordingly:

I have read this article but I have not studied it. Dr. Wright puts a lot of questions and, of course, if a person took his article seriously this person might be beset with a lot of fears.

My comment on the article is that Dr. Wright might better give individual suggestions and state why he gives these suggestions, and how to guard against inflation or how to guard against deflation, if he thinks that is coming.

Hedging by anyone in any commodity is dangerous and absolutely devastating unless the party who hedges thoroughly understands dealing in this commodity and also the dangers of any hedging, if he is dealing in this commodity.

I can't say that this article is anything outstanding but rather disturbing, in case a reader is inclined that way.

(Editor's Note—Dr. Wright warned of the prospects of deflation in a further study, titled "When Inflation Comes, Deflation Cannot Be Far Behind," which was published in the "Chronicle" of July 22.)

NY Customers Brokers Elect Davidson Pres.

The Association of Customers Brokers at its annual election meeting chose the following officers for 1943-1944:

President—Robert J. Davidson, Fahnestock & Co.

Vice-President—Richard G. Horn, Peter P. McDermott & Co.

Treasurer—Donald C. Blancke, Eastman, Dillon & Co.

Secretary—Archie F. Harris, Merrill Lynch, Pierce, Fenner & Beane.

Executive Committee—Armand F. Fontaine, Merrill Lynch, Pierce, Fenner & Beane, the retiring President; William McK. Barker, Stillman, Maynard & Co.; Maurice Glinert, Hirsch, Lilienthal & Co.; Andrew W. Shuman, Delafield & Delafield; Jon Ralph Watson, Dobbs & Co.; Ralph A. Rotnem, Harris, Upham & Co., and Allen B. Kendrick, Burton, Cluett & Dana.

The slate presented by the Association's nominating committee was voted into office without opposition.

A. W. Taylor, Retiring Dean of NYU, Urges Creation Of Board Of Economic Strategy

Dean A. Wellington Taylor, a pioneer in the field of education for business who has been head of the New York University Graduate School of Business Administration since its establishment 23 years ago, has been granted a year's leave of absence effective immediately, it was announced on Sept. 13 by Chancellor Harry Woodburn Chase. Dean Taylor will retire in September, 1944.

A. W. Taylor

In his annual report to Chancellor Chase, made public on Sept. 13, Dean Taylor urged the creation in this country of a board of economic strategy to consider immediate post-war and peace-time economic problems. "At this stage of the world's affairs," Dean Taylor wrote, "I am convinced that there is a need for a board of economic strategy as great as that for a board of military strategy, for in the not distant future the emphasis on military problems will be shifted to problems in the realm of economics." He went on to say:

"Such a board would rarely be in complete agreement and it is well that it should be so. It would be unfortunate if such a board were composed of persons holding a common economic faith. On the other hand, if honest experts can not reach a working agreement, how can one expect those less well trained to do so. The Supreme Court often divides in its opinion on legal questions and indicates its reasons in majority and minority reports. Some such procedure would appear workable in considering economic problems, not only those that will follow the war immediately, but those of more normal peace times."

Urging a "closer integration of the broad social economic consideration and the interests of the business man," Dean Taylor added that "at present, I am persuaded that the future of American business, as we know it, depends less upon new and better products than upon changed and changing conditions affecting the relation of private enterprise to society within which it operates." He further said:

"Society needs business organizations to implement its economic life, but there is a growing feeling that much of this need can be filled better by Government. Unfortunately, it is commonly held that all activity carried on by the Government is unselfish and for the common good. Experience does not bear out this thesis.

"The activities of Government are administered by human beings just as private activities are, and the attributes of self-interest are present in both cases. Recent efforts by Government to control economic life in a period of war shows how difficult it is to please everyone, and political preferment depends in a very large measure upon a pleased electorate.

"Full employment as an end in itself can be effected by Government, but full employment is not the desired end. It is the product of full employment available to satisfy human wants and for which persons are willing to pay a price or render a service that matters. This thing the Government cannot do without regimenting our economy in such a way and to such a degree as to seriously encroach on our traditional idea of freedom.

"It is little short of tragic that the natural desire to be free from want and free from fear should be played upon by people, not necessarily dishonest, but more likely misinformed. To make the assumption, however correct, that the productive capacity of a nation or the world is sufficient to remove want, that in itself doesn't do it. We learned early in the war that a Congressional appropriation of billions of dollars doesn't in itself create airplanes. Airplanes are produced by endless hours of human endeavor and after much planning.

"It is not a difficult task for a high government official full of good will to promise that out of the abundance of resources the fear of want can and will be removed. It is another thing to bring it to pass. Even an elementary knowledge of the intricate processes known as business by which wants are satisfied would cause one to hesitate before making such sweeping promises."

Dean Taylor added that "in the realm of economic thinking it is well to have all shades of thought but it is not wise to rely on the opinion of any single cult."

"Too often in business, as well as government, economists are chosen because they agree with the policies in effect and thereby give them the sanction of scientific, impartial approval," he said. "Truth is not advanced by such procedures. In the social sciences, truth is an elusive factor and should be pursued in all directions but it should be pursued with relentless energy and all the combined wisdom available."

Our Reporter's Report

(Continued from page 1088)

Iowa Power Company's thirty-year 3¼s have cleaned up nicely and in free trading are quoted 108⅝ bid 108⅞ offered.

Meanwhile United Drug Company's fifteen-year 3¼s, which slipped for a spell after the syndicate wound up, have recovered substantially.

Two Rail Issues Sanctioned

Two railroad issues, one an equipment trust obligation and the other a small issue of mortgage bonds, have been given the all clear signal by the Interstate Commerce Commission.

Pennsylvania Railroad has been authorized to issue $5,790,000 of equipments on the provision that it reduce its funded debt by an equivalent amount within the next 12 months.

At the same time the Commission, early this week, sanctioned the New York & Harlem Railroad's proposed issue of $7,820,000 of 4% mortgage bonds. This issue, however is not destined for public offering.

It will be taken by New York Central, which will proceed to offer them to stockholders of the issuer in exchange for their stock.

Trading In Italian Bonds

Expectations of some with regard to resumption of trading in Italian dollar bonds in this market appears to have been a little premature.

With the fall of Italy, some of the more optimistic leaned to the view that little time would be lost in reviving dealings in such obligations, which have been in suspense since December, 1941.

But while efforts are afoot to reopen the market in such issues, it now looks as though some time may elapse before speculators get a chance to see prices quoted on the board.

Michigan Brevities

Number One topic of conversation in Detroit, and for that matter Michigan, is the grand jury investigation into alleged bribery of the Michigan Legislature.

That it involves the so-called anti-branch banking bill makes it doubly interesting in the financial district and the climax came when the first warrant issued named a banker.

Attorney General Herbert Rushton issued a felony warrant for **Francis P. Slattery**, Vice-President of the **Michigan National Bank**, and charged that Slattery offered State Rep. George Higgins of Ferndale a "handful of $50 bills" to vote against the bill.

Slattery denied the charges.

One interesting phase of the entire anti-branch banking bill is that even bankers dubbed it an "anti-chain bank bill."

Whether this was because the bankers didn't recognize the difference between chain and branch banking or because they wished to smear branch banking with the brush of ill-repute which dates back to the collapse of Detroit's two big chains, is unknown. However, the fact remains, that's what they called it.

Actually the bill was aimed at the Michigan National Bank, which operates branches in many leading Michigan cities.

And the grand jury investigation comes at a time when that bank was reportedly preparing to enter the Detroit banking picture. Whether it will continue to expand in the face of the bad publicity remains to be seen.

* * *

Expensive and exclusive, the **Lee Plaza**, one of Detroit's finest apartment hotels, was sold for $475,585 on petition of James I. D. Straus, trustee for the bondholders.

Partial payment was made in bonds of the original issue of $1,150,000 and the buyer, Charles H. Owen of Detroit, received credit for $426 on each $1,000 bond, the price that all bondholders will eventually receive.

* * *

President Joseph M. Dodge of **The Detroit Bank** has been named Chairman of the War Department's Price Adjustment Board.

He took the job on the condition that he would be given time off to attend the meetings of his bank and of the Packard Motor Car Co., of which he is a director. In addition he will continue as President of the bank, acting in a supervisory capacity.

In addition to the new post, he becomes Director of a new Renegotiation Division.

The brokerage industry is suffering from the usual summer "dog days" and on the local exchange only 95,030 listed shares were traded in August as against 187,755 in the previous month. In the unlisted department 35,286 shares changed hands as against 55,100 a month previous, so that the total was only slightly better than half of the July level.

* * *

Cyrus King, resident partner of **Merrill Lynch, Pierce, Fenner and Beane**, became a member of the Detroit Stock Exchange and the firm of **Shader, Winckler Co.** celebrated its 22nd anniversary with an employees' party—the average service record of its customers' men being 21 years.

* * *

V loans—completed and under negotiation—were a subject of conversation here also.

The F. L. Jacobs Co., manufacturers of aircraft parts and equipment, negotiated a $5,000,000 loan from the National Bank of Detroit—80% guaranteed—consisting of 90-day notes, maturity date, Oct. 31, 1944.

And **Nash-Kelvinator Corp.** is reportedly readying an announcement of a $75,000,000 V loan, negotiated with a group of more than 20 banks headed by Chase National of New York.

* * *

Personalities: Gray H. Bernard, former manager of the flying boat division of Nash Kelvinator, and one-time G. M. official, has been named Works Manager of the Eureka Vacuum Cleaner Co. . . . William B. Crawford, President of the Atlas Foundry Co., will address the Gray Iron Founders Society Convention at Cincinnati on Oct. 5-6. His subject: "Price Making and Price Policy." . . . Dr. Fred T. Murphy, head of the Murphy Estate, and William Cornelius, President of the Parker Rust Proof Co., were elected to the board of the Detroit Trust Co. . . . Robert T. Keller, 32-year-old son of President K. T. Keller, was named Works Manager of the Chrysler Tank Arsenal.

Chicago Brokers Ass'n Held Annual Meeting

CHICAGO, ILL. — The Stock Brokers Associates of Chicago held their annual dinner meeting at the Adventurers Club, 14 North Michigan Avenue, on September 9th.

The meeting was well attended.

Richard Blood of Paine, Webber, Jackson & Curtis; Victor H. Vanek of Jos. R. Patton and Co., President and Vice-President, respectively, presided at the meeting.

Benjamin Regan, formerly of Hornblower & Weeks, now Assistant General Manager of Canteen Food Service, was the principal speaker and John J. O'Brien III, first President of the organization, also made a speech.

Pittsburgh Rys. Attractive

T. J. Feibleman & Co., 41 Broad St., New York City., have prepared an analysis of Pittsburgh Railways System, with particular reference to certain underlying bonds. Copies of this interesting analysis may be had upon request from T. J. Feibleman & Co.

Ruddick To Manage Lazard Freres Dept.

Girard B. Ruddick, who has been associated with Smith, Barney & Co. since its formation in 1938, has joined Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, as Manager of their Underwriting Department. Mr. Ruddick has been actively identified with the investment banking business since 1929 when he joined the staff of The Guaranty Company of New York, the business which was subsequently merged with Edward B. Smith & Co. and later became Smith, Barney & Co. He has specialized in underwriting work covering public utility and other corporate issues, and for the last five years has been in charge of the Public Utility Underwriting Department of Smith, Barney & Co.

Johnson With Goodbody

William F. Johnson has joined the retail sales organization of Goodbody & Co., members of the New York Stock Exchange and other leading exchanges, in their main office, 115 Broadway, New York City.

Michigan Municipals

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P. C. Kimball With Sills, Troxell Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — Paul C. Kimball has become associated with Sills, Troxell & Minton, Inc., whose main office is located at 209 South La Salle Street, Chicago. Mr. Kimball was previously Manager of the Syndicate Department for Van Grant & Co.

Customers' Brokers' Meetings To Discuss Market Outlook

Ralph A. Rotnem, Chairman of the Educational Committee of the Association of Customers' Brokers, announces a series of three educational meetings to be held by the Association as follows:

Sept. 22: "Is the Market Going Up or Down?" Opinions will be given by the following market analysts: W. F. Edwards, Naess & Cummings; Lucien O. Hooper, W. E. Hutton & Co.; James Hughes, Smith, Barney & Co., and Thomas W. Phelps, Francis I. duPont & Co.

Oct. 6: "What About Railroad Securities Now?"—Patrick McGinnis, Pflugfelder, Bampton & Rust.

Oct. 19: "Which Industries and Stocks Have the Best Post-War Outlook?"—a discussion by the staff of Argus Research Corp., under the leadership of Harold B. Dorsey.

Meetings will be held at 3:45 p. m. in the Governors Room of the New York Stock Exchange, Sixth Floor, 11 Wall St., New York City.

Now McKinney-Ohmart Co.

WICHITA, KANS. — The firm name of Branch-McKinney Co., Inc., Brown Building, has been changed to McKinney-Ohmart Company, Inc.

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Connecticut Brevities

Taking advantage of the high premiums offered, the **State of Connecticut** recently sold all the Connecticut municipal bonds held in four of its funds—the State Teachers' Annuity Fund, the Soldiers', Sailors, and Marines' Fund, the State Teachers' Pension Fund and State Employees' Retirement Fund. The aggregate principal amount of bonds involved was in excess of $1,750,000. The sale was made to brokers who reoffered the bonds in the market.

New financing in the municipal field was confined to one issue of $350,000 City of Bridgeport notes due Sept. 1, 1944. This issue was sold at .38% plus $11.

* * *

On Sept. 21, the **Connecticut Light & Power Co.** will redeem its entire issue of $6,951,000 20-year 3½% debentures due in 1956. There was available a large amount of cash and securities for additions and improvements to property, but in view of labor and material shortages the directors felt that such additions and improvements which they contemplated were not warranted at this time. They, therefore, decided to use a portion of their available funds for the redemption of these debentures. This operation will result in an annual saving of some $243,000 in interest.

Earnings on the common shares of this company for the first six months of the year were $1.32, which compares with $1.20 for the corresponding period a year ago.

* * *

In the first six months of the year total assets of the **Phoenix Insurance Co.** increased to $70,234,616 from $64,934,599 on Dec. 31, 1942. Surplus as of June 30 was $45,920,047.

* * *

As of June 30, 1943, combined assets of The Travelers Insurance Co., Travelers Indemnity Co. and Travelers Fire Insurance Co. totalled $1,355,865,000, showing an increase of $110,300,000 over a year ago. Surplus account of the same companies totalled $79,244,313, or a gain of $19,481,742 in the same period. All reserve accounts of the company showed sharp gains, and the net premium reserve of The Travelers Insurance Co. crossed the billion-dollar mark.

* * *

Aetna Life Insurance Co. and affiliated companies also showed an excellent report, with many new records established. Aetna Life Insurance Co. on June 30, 1943, had insurance in force totalling $5,583,201,000 which showed an increase of $626,050,000 over a year ago. A gain of $87,697,563 in assets during the past year brought the total to $894,620,278. An increase of $5,358,966 in the same period brought total surplus to $37,111,012, while the contingency reserve rose to $23,650,000—a $15,280,000 increase. Income totalling $96,341,413 exceeded disbursements by $26,421,069.

Aetna Casualty & Surety Co. reported assets of $97,093,230, recording a $12,810,000 increase over June 30, 1942. Surplu s gained $3,156,799, bringing the new total to $23,985,505, while a new contingency reserve contains $2,500,000.

Automobile Insurance Co.'s assets stood at $35,348,062, showing an increase of $4,129,000. Surplus likewise recorded a gain of $1,697,579, totalling $10,545,543 on June 30, and in addition there was a contingency reserve of $1,650,000.

Standard Fire reported $7,181,409 admitted assets, showing a gain of $888,863 over a year ago, while surplus was $2,131,260, or an increase of $232,107 over June 30, 1942. Contingency reserve totalled $300,000.

* * *

In the industrial field, **Hartman Tobacco Co.** reported net income, after depreciation and taxes, of $140,477 for the fiscal year ended June 30, 1943. Surplus increased to $69,452 from $61,114 on June 30 a year ago.

* * *

Due to inadequate stock representation, no action was taken at a recent meeting of the Eagle Lock Co. stockholders in regard to a proposed plan whereby S. F. Bowser & Co. would acquire the company's property and assets. The latter concern has an option on Eagle Lock until Oct. 1. The meeting was adjourned until Sept. 28.

* * *

Recently released figures show that **The Torrington Co.** earned $1.80 per share in the fiscal year ended June 30, 1943, which compares with $1.89 for the preceding year. Income from operations was $9,184,476 against $8,783,134 the previous year, while net income, after provision for all taxes and contingencies was equal to $2,933,749, a decrease from the previous year's $3,083,775. Taxes per share amounted to $3.55 against $2.99 a year ago. The increase in surplus over 1942 was $327,397.

* * *

North & Judd Manufacturing Co. showed a similar decline in net profit. For the fiscal year ended June 30, 1943, net profit was $513,482 against $546,320 in 1942, or on a per share basis, $4.29 and $4.62, respectively. As of the fiscal year-end, June 30, 1943, reserve for contingencies totalled $600,000, there having been an increase of $100,000 over a year ago. Surplus totalled $1,392,232, which shows a substantial increase of $84,004 over last year's figure.

Can Railroad Credit Be Re-Established?

(Continued from page 1089)

vestor not only which roads are vulnerable to any near-term peace developments, so that the degree of risk can be more realistically appraised as prospects of victory become clearer, but also they will bring to the attention of the investor those roads which already have effected such a metamorphosis that their credit is likely of restoration to such a point that they should be able to withstand even a 1938 type of depression. These tables are therefore of use in making possible constructive shifts in securities of weak roads to those of the carriers likely to improve their credit standing.

"In the preparation of these tables we have developed the formula discussed in this report which, despite its weaknesses and limitations, does provide the investor with the opportunity to exercise greater discrimination than would otherwise be the case were such computations not available to him.

"These tables will also emphasize the desirability of reorganization securities as a group, since these roads have built up cash far more rapidly than the borderline carriers, and, with few exceptions, have far greater amounts of cash available at the present time. The importance of this cash cannot be over-emphasized, since in the case of many roads the cash will be held intact and a good part of it may be used for debt reduction upon emergence of these roads from reorganization. Accordingly, the full impact of this cash on the when-issued securities may therefore be felt only subsequent to their final issuance."

Connecticut Industries Prospects Look Good

Connecticut industrial companies have repeatedly demonstrated their ability to participate fully in general industrial activity, whether generated by war requirements or peace-time needs, according to a booklet which surveys nine Connecticut industrial companies, prepared by Chas. W. Scranton & Co., 209 Church St., New Haven, Conn., members of the New York Stock Exchange.

The booklet gives thumb-nail sketches of the nine companies showing their activities, resourcefulness and adaptability, post-war prospects and other facts of significance to investors today. Copies of this interesting booklet may be had from the firm upon request.

H. N. Abell Rejoins Tifft

HARTFORD, Conn.—Harry N. Abell, Jr. has rejoined the staff of Tifft Brothers, members of the New York and Boston Stock Exchanges, and will be associated with them in their Hartford office, 49 Pearl Street. Mr. Abell in the past was with Tifft Brothers in their Springfield, Mass. office and recently was with James P. Smith & Co. of Springfield.

Cons. Electric & Gas Situation Attractive

Collateral Trust Bonds of the Consolidated Electric & Gas Company offer an attractive situation with excellent possibilities for the future, according to a bulletin issued by J. Arthur Warner & Co., 120 Broadway, New York City. Copies of this bulletin may be had from the firm upon request.

The Securities Salesman's Corner

Some Suggestions For Building a Clientele From An M.D.

Because of the similarity that exists between the manner in which a medical practice and a securities clientele are established, the following story which gives the highlights of the methods used by a successful doctor in building his practice, should have a definite application to the securities business.

About eight years ago a young doctor moved into a small city. As usual there were a number of established doctors in the community. He was without a single connection and had to start from scratch.

As he related the story of how he went about building his practice we were more impressed with the sincerity and simplicity with which he related his experiences than almost anything in particular that he said. There was a complete absence of any bragging on his part as he told his story. Here was a man who took pride in his work, and who was analyzing the methods he used to arrive at a certain point. You could easily understand why people talked with him and believed in him—HE DIDN'T HAVE TO ACT BECAUSE HE LIVED THE PART HE PLAYED.

The first thing he did when he went into this new community was to find out what other doctors were doing AND THEN HE DID SOMETHING DIFFERENT. For instance, he discovered that other doctors were not giving a complete physical examination when new patients called. He raised his fee a trifle above the average for his office calls, but when he got through with a patient they had a check-up from head to toe. He took their family history, and the questions he asked them were placed on a record card. Everything he did in that first examination was so thorough that oftentimes the patient would say, "That's strange Doc, but Dr. So-and-So down the street told me I had high blood pressure and he never went through all that riga-ma-role." But the next day this very same patient was telling his friends about the new doctor and the examination he went through. Gradually the word spread around and of course recommendations began to build up his practice.

Another method he used to gain confidence is so closely analogous to security salesmanship that we are sure many successful salesmen use some variation of this doctor's procedure every day in the week. He said whenever he would sit down with a patient he would ENCOURAGE THEM TO TALK. As they talked he would begin to analyze the kind of a person to whom he was talking and he would tactfully draw them out by skillfully asking questions. Once their tongue was loosened they would welcome this opportunity to unburden themselves. It seemed that he developed the faculty of talking like his patients. In other words he tried to become a partner to their problems; he merged his personality with that of his patients. He became their friend and their counsellor. In a doctor possibly this is what is called the bedside manner—in a securities salesman there is only one name we know for it—it's the best way we know to BUILD CONFIDENCE

So here we have the two ingredients of the doctor's success—HE DID SOMETHING BETTER THAN HIS COMPETITORS, AND HE KNEW HOW TO BUILD CONFIDENCE. This is the way he built his practice. There is one thing more that he did however, that enabled him to **keep his practice.** We forgot to tell you that he was also a mighty fine doctor. He had prepared well for his profession. His several years of study both in this country's finest hospitals, and in Vienna in the field of surgery, gave him something to BACK UP HIS SALESMANSHIP. The people in the little city where he practiced finally learned that they didn't have to go to great Metropolitan hospitals for surgery—their own doctor right at home had proven himself by the work he had done.

Here again, the securities salesman takes the same road as the successful doctor—you can make all the clients you can handle, you can be a world beater at building confidence, BUT UNLESS YOU CAN HELP YOUR CLIENTS TO INVEST IN SECURITIES THAT WILL DO A GOOD JOB FOR THEM, you will never be able to build up a lasting and growing business. SELECTING SECURITIES THAT WILL DO A GOOD JOB FOR YOUR CLIENTS, ALSO REQUIRES KNOWLEDGE, THOROUGH PREPARATION AND SKILL. Knowing HOW to sell and knowing WHAT to sell—these are the ingredients of a successful securities business.

"A SURVEY OF 9 SELECTED CONNECTICUT INDUSTRIAL STOCKS"

THIS SURVEY discusses the adaptability and diversity of Connecticut Industry and gives statistical data together with brief descriptions of nine leading companies with substantial war business and favorable peacetime prospects.

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Catching Up With The "American Radical"

(Continued from page 1086)

calling for 'American Radicals.' Their hot breath already is upon us, and if they continue to expand and to apply their distorted philosophy—a philosophy which inevitably would throw millions of people upon the State for their security, demanding in return the surrender of an equal amount of Freedom—then we and our children shall have to adjust still further our concept of thrift and our faith in the personal qualities of incentive and initiative as necessary factors in the attainment of success and security."

Mr. Myrick's speech in full follows:

I certainly appreciate the privilege of talking with you today, particularly because the subject I'd like to discuss with you revolves around a challenging article by Dr. Conant, President of Harvard University, which appeared in the May issue of "The Atlantic Monthly." The article is called "WANTED: AMERICAN RADICALS," and I think you will agree with me that it gives a rather alarming preview of the kind of people who may run this country of ours from Washington in the years to come. In considering what I have to say, however, please remember that I am speaking as an individual.

Here are two paragraphs from Dr. Conant's article. Listen to them carefully, because if Dr. Conant's "American Radical" takes over the reins of Government, it will seriously affect every one of you in this room. Here they are, and I quote:

"First of all, like all radicals and also all reactionaries, in his extreme moods he will be utterly impractical. In general, however, being rooted in the American soil he will be endowed with a considerable amount of earthy common sense and a certain willingness to apply to the changes which he effects the typical American question, 'Does it work?' and to take up cheerfully another trial if the answer should be no.

"No one needs to be told that the American radical will be a fanatic believer in equality. Yet it will be a peculiar North American brand of doctrine. For example, he will be quite willing in times of peace to let net salaries and earnings sail way above the $25,000 mark. He believes in equality of opportunity, not equality of rewards; but, on the other hand, he will be lusty in wielding the axe against the root of inherited privilege. To prevent the growth of a caste system, which he abhors, he will be resolute in his demand to confiscate (by constitutional methods) all property once a generation. He will demand really effective inheritance and gift taxes and the breaking up of trust funds and estates. And this point cannot be lightly pushed aside, for it is the kernel of his radical philosophy."

In other words, "You Can't Take It With You," as the saying goes—and **you can't leave it, either!** If such people as Dr. Conant describes actually should get control of our country, then we and our children and their children shall have to adjust our entire concept of thrift and of security for the family and find a substitute for the incentive and initiative which today are the mainspring of whatever success we may achieve.

But before discussing the possibilities of a new way of life in America under such a radical philosophy—a way of life that presumably would throw millions of citizens upon the State for their security—let me quote from another enlightening article. It appeared in a magazine called "The New York Certified Public Accountant" and quotes Dr. Joseph Klein, former President of the New York State Society of Certified Public Accountants and one of our leading tax authorities. This article deals in present-day **facts**—in a situation which exists **today**, not 5 or 10 years from now—and I think it shows us pretty conclusively that the hot breath of Dr. Conant's "American Radical" **already is upon us.** Here it is, and again I quote:

"The relationship of the current fiscal phenomenon to us may be illustrated in connection with the possibility of our clients or ourselves creating a competence. That's an old-fashioned notion, for as long ago as the turn of the last century, Pope wrote:

'Reason's whole pleasure, all
the joys of sense,
Lie in three words: health,
peace, and competence.'

"Under 1943 Federal income and estate tax rates, there is practically no longer an opportunity, starting from scratch, to create a competence by the standards of yesterday. Try some calculations for yourself, on assumed earnings not subject to the capital gains tax. How much would you have to earn annually for ten years or for twenty years, after allowing for modest living expenses, to leave your heirs, net $100,000, or $250,000, or $500,000, or, forsooth, $1,000,000?

"To leave net, after taxes:

	Annual Earnings for 10 years	Annual Earnings for 20 years
	—it would take—	
$100,000	$85,000	$32,000
250,000	600,000	190,000
500,000	1,270,000	550,000
1,000,000	2,130,000	1,075,000

"Obviously," Dr. Klein says, "some normal ambitions of yesterday have gone with the wind. But what of the morrow?"

Those figures are astounding, aren't they! If you want to leave $100,000, exclusive of life insurance, for the protection and security of your family 10 years from now—and remember, there are relatively few people who at some time in their lives haven't hoped or expected to accumulate that much money, which invested today will only produce an income of around $200 or $250 a month—you'll have to earn a total of **$850,000 to do it!**

Let's look at that picture a little more closely before we go back to that new way of life which Dr. Conant's "American Radical" would map out for us—or perhaps already **has** mapped out for us. Here are figures which show how much money a married man with two dependents must make each year to create a given general estate, how much he must save, and how much he may use for ordinary living expenses. For estate tax purposes the initial figure is the value of the estate after deductions for funeral and administration expenses but before exemptions and credits have been allowed. Let's assume that the 1943 tax rates will remain constant—and that's a pretty broad assumption!

CREATION OF A $50,000 ESTATE

Number of Years to Build Estate	Net Estate Desired	Values of Estate Before Payment of Estate Taxes	Annual Earnings Before Payment of Inc. Taxes	Amount of Income Taxes	Amount Required to Create Estate	Amount Available for Living Expenses
10 Years	$50,000	$50,300	$7,500	$1,502	$5,030	$968
20 Years	50,000	50,300	7,500	1,502	2,515	3,483
10 Years	50,000	50,300	10,000	2,387	5,030	2,583
20 Years	50,000	50,300	10,000	2,387	2,515	5,098
10 Years	50,000	50,300	15,000	4,537	5,030	5,433
20 Years	50,000	50,300	15,000	4,537	2,515	7,948

CREATION OF A $100,000 (OR LARGER) ESTATE

Number of Years to Build Estate	Net Estate Desired	Values of Estate Before Payment of Estate Taxes	Annual Earnings Before Payment of Inc. Taxes	Amount of Income Taxes	Amount Required to Create Estate	Amount Available for Living Expenses
10 Years	$100,000	$107,000	$85,000	$58,000	$10,700	$16,300
20 Years	100,000	107,000	32,000	15,000	5,350	11,650
10 Years	250,000	320,000	600,000	538,000	32,000	30,000
20 Years	250,000	320,000	190,000	153,000	16,000	21,000
10 Years	500,000	700,000	1,270,000	1,149,000	70,000	51,000
20 Years	500,000	700,000	550,000	491,000	35,000	24,000
10 Years	1,000,000	1,530,000	2,130,000	1,928,000	153,000	49,000
20 Years	1,000,000	1,530,000	1,075,000	972,000	76,500	26,500

Assumption that taxpayer is married with two dependents.
Income Taxes include Federal Income, Victory and N. Y. State Income.

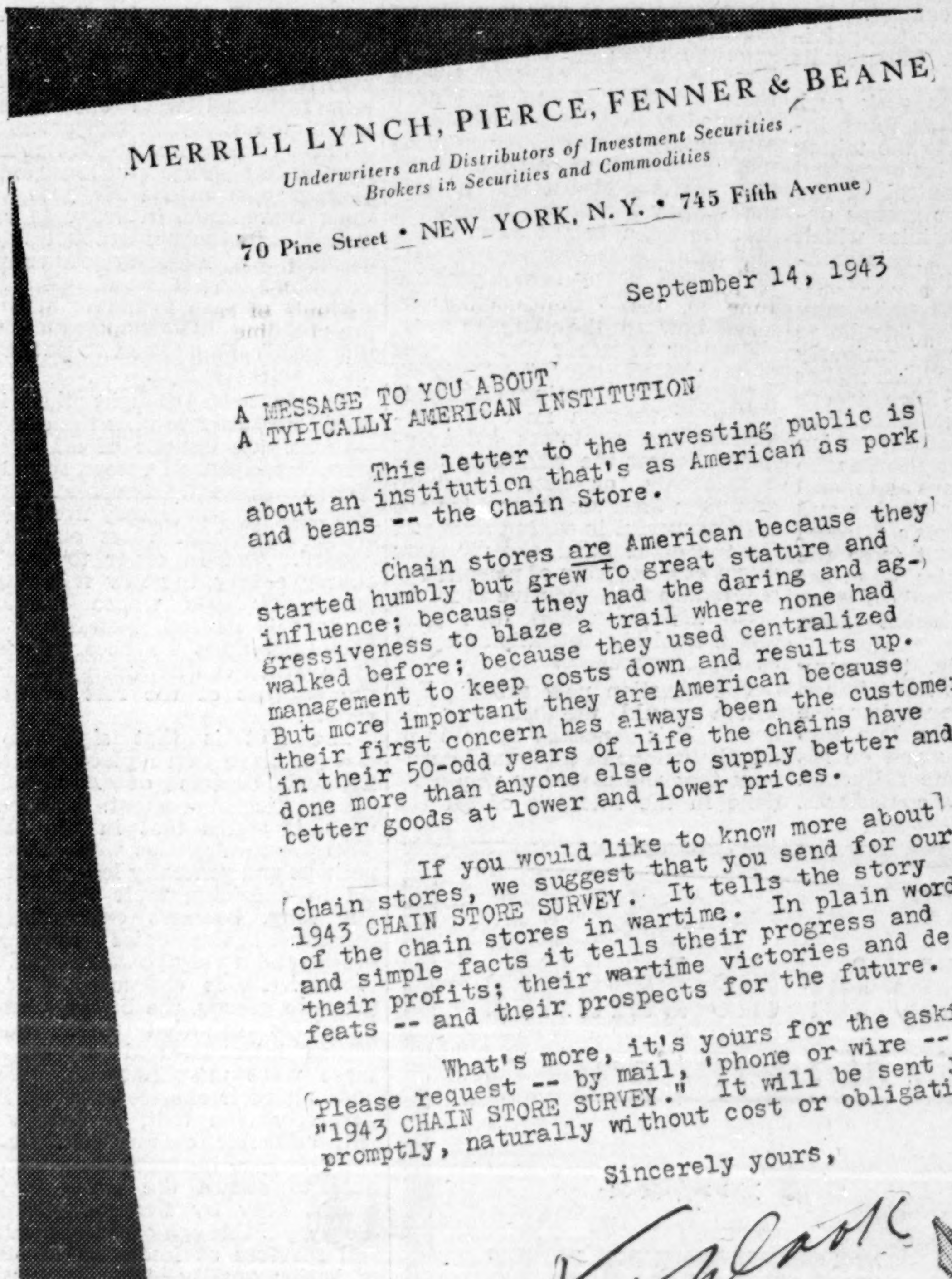
Well, there you have it. There's a picture of today's problem so far as leaving a competence for your wife and children is concerned. Of course, there's a war to be won and war takes money—astronomical amounts of it. And I believe in taxes and **more** taxes in order that we may pay as much of the bill as humanly possible as we go along. But I question the wisdom, economically and socially, of taxing a man's income and estate so heavily that it is impracticable or impossible for him to leave a fair competence for his widow and children; I seriously question whether or not it is economically sound, as we understand the meaning of the term today, in effect to "confiscate all property once a generation," as Dr. Conant's "American Radical" would do.

I raise this question because I have always believed in the PERSONAL LIBERTY OF THE INDIVIDUAL — the God-given right to work, to save, to provide for one's family and for one's self. I have always believed in the **initiative and incentive which personal liberty inspires** and in the **obligations to society which personal liberty demands.** I believe in the equality of opportunity which since the founding of America 167 years ago has brought reward to the humble and to the proud alike and has provided the incentive to achieve personal success and security—attainments which in turn have contributed so largely to the progress of this great country of ours. If I DIDN'T believe in these things I wouldn't be in the life insurance business, which certainly has its humanitarian roots down deep in the fertile soil of personal liberty, personal initiative, and maintenance of the home.

There can be no denying the right to tax and to tax heavily in times of national urgency and for the purpose of raising necessary revenue. But again, I question any tax which is levied for the sole purpose of social reform; which in effect denies to a widow the right to live in security as the result of her husband's personal initiative and thrift; which may deny to the children the right to an education and a helping hand at the threshold of their maturity.

Of course, if a man is in good health and otherwise insurable, he may create his entire estate through life insurance, rather than through stocks, bonds, real estate or other property, and his life insurance estate at present will enjoy certain nominal tax advantages. Certainly life insurance is the obvious way to create an estate today, isn't it! There could be no more convincing reason for its use than I have shown you. But there again, **what of tomorrow?** No one knows for certain what tomorrow's tax laws may provide, and if recent action may be taken as any criterion, then we

(Continued on page 1101)



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September 14, 1943

A MESSAGE TO YOU ABOUT
A TYPICALLY AMERICAN INSTITUTION

This letter to the investing public is about an institution that's as American as pork and beans -- the Chain Store.

Chain stores are American because they started humbly but grew to great stature and influence; because they had the daring and aggressiveness to blaze a trail where none had walked before; because they used centralized management to keep costs down and results up. But more important they are American because their first concern has always been the customer: in their 50-odd years of life the chains have done more than anyone else to supply better and better goods at lower and lower prices.

If you would like to know more about chain stores, we suggest that you send for our 1943 CHAIN STORE SURVEY. It tells the story of the chain stores in wartime. In plain words and simple facts it tells their progress and their profits; their wartime victories and defeats -- and their prospects for the future.

What's more, it's yours for the asking. Please request -- by mail, 'phone or wire -- the "1943 CHAIN STORE SURVEY." It will be sent you promptly, naturally without cost or obligation.

Sincerely yours,

Victor B. Cook
Partner

Planned Economy And Free Enterprise

(Continued from first page)

both major political parties and the people overwhelmingly **wanted** to return to free enterprise. Today, the situation is quite different politically, and with regard to large and powerful groups of people.

Today, vast numbers of people **do not want** to go back; instead they wish to go forward toward a more thoroughgoing model of planned economy. It is perhaps somewhat inexact to state bluntly that they want specifically socialism, fascism, communism, or some other obviously defined form of planned economy. What each group immediately or primarily wants is to get the government to engage in certain specific practices which will benefit it at the expense of the others, not realizing (or caring) that the sum total of such practices for all groups will create a full-blown, governmentally planned and directed economy.

Security—and it is a rather specious security—then becomes the magic word for which freedom is traded, sometimes gladly but more often unwittingly. Usually unwittingly, because the members of the group generally feel that they are going to be able "to get by with it," to get something for nothing, to obtain some special privileges without incurring state regimentation and control. But the hand which grants the privilege sooner or later imposes its control.

Thus, labor groups seek such extensive privileges as must inevitably lead either to the taking over of government by organized labor or to state control of the labor sector. Farmer groups demand, or accept, subsidies which lead to government regimentation of the agricultural sector.

The "faceless masses" may clamor for such lavish "cradle to grave" security as will seriously impair the initiative which makes progress possible. Such trends may be viewed philosophically as the natural growth and expression of inherent greed in a people who have lost their religious and moral convictions of an earlier day and have embraced Carlyle's "Gospel of Mammonism." But from the viewpoint of economics, what has been happening is simply a great and widespread **Retreat from Competition.**

Most unfortunately, too many business enterprisers have joined in this retreat of the worker, the farmer, and plain John Doe who no longer wants to stand on his own feet and compete fully and fairly with his fellow contestants. For the business enterpriser is the spark plug of the free enterprise system, and competition is the key force upon which the survival of the system depends. But let us return to this after we have disposed of the pleasures of a planned economy.

To an increasing number of people, the idea of a planned society, as a stable economy, working smoothly, with full employment of human and natural resources, to turn out abundance and security for all and proceeding toward a definite goal, seems to possess attractive features. This is especially true when the **imagined** planned economy is compared with the actual free enterprise system, which may appear to be disorganized, functioning badly, and getting nowhere.

But whether or not the **actual** planned economy which materializes will prove to be desirable in the eyes of any particular individual will depend upon how satisfactory to him are the answers to such questions as the following:

First of all, who is going to do the planning? Those who are most enthusiastic about the creation of a planned economy generally assume without question that it is they (or someone with their particular likes and dislikes) who are to do the planning for the rest of us.

People naturally differ in their likes and dislikes and therefore in their concepts of the kind of a planned society which would be satisfactory to them. It would be inevitable that, whoever does the planning, the result will be unsatisfactory to many. Hence, the promise of a bright new world so planned that everyone is contented and happy is not possible of achievement.

But how are the planners to be chosen or selected? In the case of the United States, the Congress might do the planning, either directly or through its own committees, the legislators endeavoring to follow the wishes of their constituents, or those pressure groups in their sections which are most powerful in voting strength. On the other hand, the planners might consist solely of persons appointed by the Executive to formulate his (or their) own plan which would be dutifully accepted by the Congress.

The question now arises: For whom would the planning be done? It is generally assumed in all discussions of a planned economy that the planning would be done in the interests of **all** the people. However, realistic thinking will suggest that this is hardly possible.

Planning in the case of the Nazi-Fascist states has been for the benefit of an abstract, warlike personage, the State (conceived of as Germania or Italia), and at the expense of everyone in these nations except the party leaders. Planning in the case of Russia, while ostensibly for the masses as a whole, has been primarily for the benefit of those three million out of the two hundred million population who are members of the Communist Party or are Fellow Travelers.

In a democracy, like the United States, it is logical to assume that the planned economy would be shaped so as to benefit one or more powerful minority pressure groups at the expense of the rest of the citizens. That this may be done over the short run of a decade or so, we know from actual experience. And there is at least a theoretical possibility that an Administration planning the economy in the interests of powerful minority pressure groups might be able to continue indefinitely in power.

In the first place, only part of the population having the voting privilege actually votes. Secondly, a political party in power can count upon many millions of votes from those of its followers who are standpat or prejudiced adherents (whose fathers and grandfathers have voted the same ticket, etc.) and who will continue to vote for the party because of "principle" even though they receive no direct or tangible benefits.

In addition to this group, which may be larger than the standpatters affiliated with any other party, the party in power may count on many millions of votes from federal, state and local employees who owe their jobs to the party. Then, in order to be assured of enough more votes to constitute a majority of those actually voting in an election, it is only necessary to have planned the economy in such a way as to greatly benefit one or two powerful minority groups.

It might be thought that it would be better to plan the economy for the benefit of all citizens, or at least all voters, so that more votes could be secured. But this is neither necessary nor possible. Additional votes are not needed. And in order to thoroughly satisfy the few minority pressure groups whose all-out support is needed, benefits and privileges must be accorded to them which can be given only at the expense of the rest of the people.

The fact is that significant changes have taken place in the political aspects of American democratic government. Looking back, it seems that in the old days pressure groups were fewer perhaps and generally less powerful in enforcing their demands. For long, business enterprisers constituted the chief pressure group, and a very powerful group it was. As is characteristic of pressure groups, the business enterprisers followed their own selfish interests, and too often these were unenlightened. Yet, with all their shortcomings, it is generally true that, **so long as full and fair competition prevailed**, these business men were able to secure the gains they sought only by first benefiting the people through offering goods and services at lower prices or of better quality. This is more than can be said of many modern pressure groups, whose simple policy is to benefit themselves by mere restriction and by taking from others.

Today, the situation with regard to the number and power of pressure groups is quite different from that of the old days. And it would seem that whether or not a given individual would be satisfied with a planned economy will generally depend upon his being in or out of the pressure group or groups in the interest of which the economy is planned.

A third question is the following: How thoroughgoing will the planning be? This is important because of the fact that really thoroughgoing planning is incompatible with the free enterprise system and with democracy as we know it. It would be impossible for a government to carry out an all-embracing program of planning and directing the economic life of the nation without first removing the essentials of free enterprise: the rights of private property, freedom of contract, individual initiative, and competition. With the disappearance of these rights must vanish the kind of democracy we have known.

Usually the descriptions of the planned economy for post-war America are couched in generalities so as to gain as much popular support as possible. One planner, for example, sees every citizen of the world walking down the road with a quart of milk under each arm. Others promise to avoid inflation, to furnish full employment, to maintain purchasing power, etc.—all quite appealing objectives.

Still another promises four freedoms to every person in the world, but no mention is made of what many consider to be the most important freedom of all—that of free enterprise. It should be plainly understood that you can have all of the four freedoms referred to in a planned economy which is run for the benefit of one or more powerful minority pressure groups, or in a totalitarian state (Russia claims to have all of these freedoms), or even in a slave state.

That is to say, you can let people speak and think as they like, worship as they please, and keep them free from want and fear in a benevolent dictatorship or a slave state. Of course, abolition of freedom of speech makes autocratic rule easier. But recent history has shown that widespread freedom of speech and overwhelming protests on the part of the majority of the citizenry against abuses committed by a given powerful minority avail little or nothing if that minority is a major source of strength of a political party in power.

There are many who feel that the four freedoms mentioned must be based upon the fifth or missing freedom—freedom of enterprise—to be meaningful to Americans and to preserve the American Way of Life. It is encouraging to note, therefore, that some of the most influential planners are not in favor of such thoroughgoing planning as would destroy the free enterprise system. But their idea of planning—that government should act mainly as a balance wheel to help the free enterprise system function more effectively—so far seems to be too closely tied in with the great New Deal purchasing power fallacy to promise much in the way of sound policy.

We cannot foresee whether sound concepts will be adopted or whether the free enterprise system will be abandoned in favor of an all-out planned economy. But we do know that the free enterprise system is threatened with extinction today as never before in our history.

What can business men do toward helping to preserve our free enterprise system? They can accept the responsibility to compete more freely and fully. Competition is the major economic force which we rely upon in our free enterprise system to make the system work effectively and to satisfy the great mass of people.

Competition among buyers and among borrowers protects sellers and lenders from the unremunerative prices they would have to accept if they dealt with a governmental or other type of monopoly. Competition among sellers and among lenders assures buyers and borrowers the largest possible amount of improved goods and services at the lowest possible prices consistent with a normal profit.

Thus, because of competition the free enterprise system, or the American Way, has worked so as to pass on its benefits to the consuming public and to satisfy the great majority of our people.

But "Competition is dead; competition is no longer really effective," is the charge which has been made increasingly during the past decade by critics. Therefore, they argue, we should abandon the free enterprise system and shift into some kind of governmentally planned and directed economy.

Frankly, it is true that while enterprisers never tire of saying that "Competition is the life of trade," they often act as if it would be the death of their own businesses, and try to hamper its functioning. Perhaps competition seems to them to be the life of trade, and a good thing, when it occurs among those from whom they buy or among those to whom they sell. But competition experienced by a seller or a lender from other sellers and lenders may not always be viewed as a blessing.

Hence, as I have said, what has been going on is a great and widespread **Retreat from Competition.** Old, well-known methods of retreat are by way of monopolies, of varying degrees, or combinations with competitors. But far more pervasive in recent times, and far more important as a whole in hampering the beneficial functioning of full and fair competition, are what might be termed "partial retreats" from competition. That is to say, instead of trying to escape as completely as possible from competition (as in monopoly or combination), the enterpriser attempts merely to avoid the full force of competition.

One way of doing this is to state his prices and terms in a way which makes it difficult or practically impossible for the ordinary consumer to compare them easily with those quoted by his competitors. What results is not monopoly but rather what economists term "imperfect competition." In other words, competition cannot be "perfect" (or fully and fairly effective—as the business man would say) unless consumers are able to compare easily the goods or services, and their true costs, offered by competitors. Unless consumers can do this, it is obvious that they cannot force competitors to get down and compete in a really thoroughgoing manner, with the result that competition is not fully effective in passing on the benefits of the free enterprise system to all.

A good example of the method of partial retreat from competition by use of confusing statements of cost is to be found in the great field of consumer credit. The loan services offered by competing institutions not only differ (as do consumers' goods put out by different sellers), but in addition the prices or charges are stated in so many different ways that no average consumer-borrower can compare them intelligently. Thus, consumer loan charges are stated by competing lenders in the form of: dollar discounts on original balances, simple interest on monthly balances, percentage discounts on original balances, combinations of a dollar or percentage discount charge plus investigation fees, insurance charges, penalties or fines, rebates, etc., etc.

To compare the cost statements quoted by various lending institutions, the consumer would have to reduce the total charges of each to some one common denominator embracing the two variables, principal and time. And to do this job, he would have to be skilled in mathematics, including the

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mastery and exact application and solution of algebraic equations, which he isn't. Consequently competition is far from being fully effective in the consumer credit field.

Radical critics seize upon such conditions to proclaim that competition, which must function effectively to justify the free enterprise system and make it work in a manner most beneficial to the masses, is dead or dying, and to urge that the system should therefore be junked in favor of some type of planned economy. Where these critics are wrong is in their assumption that nothing can be done to remedy conditions of ineffective competition and thereby justify continuance of the free enterprise system. The situation is quite otherwise—unless we are to believe that business statesmanship is disappearing from the American scene.

Thus, the two major institutions in the field of consumer small loans repayable in instalments are the small loan companies, which for more than a quarter of a century have been required by the uniform small loan laws to state their total charges in the form of simple interest on monthly balances for the purpose of protecting borrowers and enabling them to compare easily the true costs of competing loan offers, and the commercial banks, which have recently adopted a practice of stating their charges merely as a number of dollars.

Now, the interesting fact is that the consumer-borrower needs **both** of these statements, both types of information. He needs to know the **dollar cost** in advance to help him in his budgeting; he needs to know the **rate of cost** in simple interest per month as the common denominator by which he can compare the offers of competing sources of credit. The easy solution, therefore, would be for the banks and the companies to adopt a uniform practice of using **a combination** statement, expressing the total dollar cost and also the rate in simple interest per month. It does not seem too much to expect that business statesmanship will eventually bring about such a practice, thereby raising the plane of competition in the field of consumer credit and making competition a more effective force in passing on the benefits of the free enterprise system to the masses of people.

Another method of partial retreat from competition, which is still more widespread than the case just examined, is by making one's product or service a little different from those of his competitors and then failing or refusing to provide consumers with sufficient information to enable them to compare the competing offerings intelligently. Differentiation of consumers' goods (typified by branded articles of all kinds) leads to what economists term monopolistic competition of the product differentiation type.

Differentiation of his product or service enables the enterpriser to avoid the full force of competition and to secure more than a purely competitive price or profit—sometimes very much more in case consumers find it extremely difficult to make a true comparison of the product or service with those of competitors. Here, with regard to monopolistic competition, is where critics of the free enterprise system really wax eloquent. Since the whole field of retail trade is characterized by product differentiation, the claim is made that competition is a thing of the past or is no longer effective; hence, the time has come to abandon the free enterprise system.

But sober reflection will suggest that it would not be in the real interest of all to discourage differentiation by competitiors in their goods and services, to prohibit branded articles, or to forbid or arbitrarily curtail advertising. For one thing, the practice of enterprisers in differentiating their goods and services results in offering to consumers a wider range of choice, thereby making possible the satisfaction of a great variety of tastes. That greater total utility results to consumers would seem to be unquestionable. Furthermore, if the differentiation practiced by an enterpriser makes his product or service really superior to those of his competitors, he **ought** to secure more than a "purely competitive" price or profit.

What is needed for assuring effective competition here is not the substitution of governmentally standardized items for the product differentiation of the present, but simply the provision by enterprisers of enough specific information about their offerings so that consumers may be enabled to compare more easily and intelligently the competing products and services.

Provision of such information, like the adoption of uniform cost statements in consumer lending previously mentioned, by **all** competitors might require legislation. But legislation of this kind to raise the plane of competition is an old established type which has been associated with, and necessary to, the free enterprise system ever since it arose out of **laissez faire** generations ago. It is entirely different from legislation of the planned economy type which aims at throttling competition or eliminating it altogether as the objective of complete governmentally planned and directed economy is reached.

Business statesmanship distinguishes clearly between these two types of legislation or regulation and does not slip into the error of blindly opposing any and all regulation whatever, as eminent labor union leaders have done recently. To preserve the free enterprise system, it may be said that generally the less regulation the better, but where it is necessary, legislation for raising the plane of competition is vastly preferable to, and acts as a preventive of, legislation of the planned economy type.

The CHRONICLE invites comments on the views expressed by Dr. Phelps in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce Street, New York.

Home Borrowings Up

The increase in money borrowed by Illinois and Wisconsin families for home ownership purposes the second quarter of this year, compared with the first, was greater than the usual seasonal uptrend, the Federal Home Loan Bank of Chicago reported on Sept. 4. Figures compiled from all sources of home mortgage money show a 58% increase as compared with only 19.2% last year and 39% in 1941. The Bank's advices also state:

"Total home mortgages recorded in the district for the first half of the year were $155,732,000, of which $95,577,000 were in the second quarter. Leading source of funds was the savings, building and loan associations, which recorded 35% of the dollar volume for the first six months. Greater dependence upon this type of institution during the second quarter was noted, the percentage having risen from 32.7% the first three months to 36.7% the next three months."

A. R. Gardner, President of the Bank, indicated that the volume of mortgage borrowings from all lenders shows a 13.9% fall off this year from the like period of 1942, which had in turn chalked up a decrease from 1941, the largest year in new mortgage borrowings since recovery began. New borrowings the first half of this year were, however, still some 3% more than in the first half of 1940.

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Canadian Securities

By BRUCE WILLIAMS

The Brooking's Institution of Washington, D. C., in a recent survey covering price control and the subsidy program in Canada made the interesting statement that, "After three and a half years of war the total increase in the cost of living in Canada has been only 17% as compared with the 28% in Great Britain and 26% in this country; the general control over prices and wages and the subsidy plan, which have been carried out with a resolute will and unflinching purpose, together with an effective fiscal policy, have been the major reasons for this fine record."

Not only is this further evidence that the Canadian economy is ably controlled, but it is also expanding to an amazing degree as the six months trade figures to June 30th eloquently demonstrate. Exports for the year at this date totalled $1,288,100,787, an increase of $180,275,261 over the figures for the corresponding period of 1942. Imports for the period amounted to $839,684,165, and the favorable balance of trade showed an increase of $183,295,981 over the 1942 figures. July exports were just over $300,000,000 which is about four times the total reached in this month prior to the war.

Although these results have been achieved under wartime stimulus, the amazing adaptability that has been shown by Canadian industry, in general, in addition to the numerous entirely new industries which have developed since the war hold out high hopes for the future of the Dominion in the post-war period.

During the past week the market for Canadian securities followed, as anticipated, the downward trend that has developed in the past few weeks, although the volume of offerings was not large.

In general, the market is now off an average of 1½-2 points from the recent peak levels. Even Ontarios which were the last issues to follow the overall trend finally receded and the 5's of 1960 which recently traded at 125½ weakened to 123½. Dominion 3's of 1967 and the 3's of 1958 eased to 103¼ and 104¼ respectively. Canadian National Railway 4½'s of 1956 were available at 117 and the 5's of October 1969 were offered in fair volume at 118.

British Columbias were obtainable at a yield of 3.40% for the longer maturities and similar New Brunswick issues were offered at a return of nearly 3¾%, whereas a few weeks ago the yields were 3.30% and 3.60% respectively. Saskatchewan 4½'s of 1960 were offered at 89½ and Manitoba 4½'s of 1956 at 104½, which compares with their recent highs of 93 and 107. Albertas were an exception to the general trend and the 5's were quoted 77/78 with bonds in quiet demand.

On renewed talk of a possible agreement on the debt reorganization plan, there was some inquiry for Montreals; these issues are likely shortly to become a center of activity as there seems little doubt that this situation will soon be settled, especially as interest rates are now definitely lower than when a deadlock on this question was reached and the bond holders are now likely to be less adamant.

The lull in activity in the market here for internal issues still persisted. The free exchange rate remained fairly steady at a level approximating the Foreign Exchange Control Board's selling price for U. S. dollars; holders of the current dividend checks therefor are now sending them to Canada for cashing at the official rate. In view of the fact that there will be additional supplies of free exchange next month as a result of the call for payment of the Dominion 5's due Oct. 15, 1945, it will be interesting to see whether the Foreign Exchange Control Board will take advantage of this unique opportunity exceptionally to permit conversion at the official instead of the free rate.

Such a step would enable the Board to resell profitably U. S. dollars previously purchased at the official buying rate, thus reducing what appears to be a rather embarrassingly large exchange position, and also performing the normal function of an exchange control of preventing undue fluctuation of the rate, and showing adaptability in operating freely on both the buying and selling sides of the market to avoid the building up of heavy positions.

Before considering future market trends it is necessary either to dispose of certain doubts with regard to the course of post-war interest rates, or to embark on a policy of deliberate inaction. Contrary to the views expressed by certain eminent economists, interest rates in the future must be dependent on the following factors:

(1) We are now definitely in a period of managed money, and it would invite disaster to relax control in any degree in the transitory phase following the cessation of hostilities.

(2) The existence of huge national debts will not disappear in the near future and while they exist interest rates will be maintained on a declining trend.

(3) Ultimately, it is the tax payer who pays for the debt service, so political considerations will necessitate cutting the bill as finely as possible; the policy of "making rates attractive to the public" can therefore be ignored.

(4) The government can sell government bonds in the open market provided factor (2) holds good; if the present ceiling rate were increased by only 1/16% the foundation of the government market would be undermined.

As it has been previously pointed out, a healthy reaction in the market was foreseen and has now materialized. In the course of the next few weeks, it might be advisable to consider purchasing on a scale, giving special attention to certain lower priced issues, the status of which might be beneficially affected by the expected developments.

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Canadian Industrial Activity Shows Gain

Canadian industrial activity shows a slight gain, S. M. Wedd, General Manager of the Canadian Bank of Commerce, Toronto, declared, according to the index of industrial activity compiled by the Bank, which rose from 205 at mid-July to 206 at mid-August (1937 = 100), the percentage of factory capacity utilized rising from 125 to 126. "The most significant change," Mr. Wedd stated, "was the recovery in textiles, with fuller time being resumed in garment factories, but footwear production declined, reducing this gain in the clothing group as a whole. Foodstuffs declined slightly. Pulp, paper and other wood products were unchanged, an increase in the activity of saw planing mills offsetting a loss in that of furniture factories. The automotive industries recovered to the June level.

"Our wage payroll index for July was 225 (1937 = 100), the same as for June (revised) and May. Within the composite index, however, there were rises between June and July in mining and construction wages and declines in those of logging and trade. There was a slight increase in manufacturing wages.

"Crop conditions are poor this year over most of Eastern and Central Canada, while in the West they are less favorable than a year ago, though about three-quarters of the prairie grain belt has prospects of average, or at least near-average, outturns, which would enable it to continue, even expand slightly, the large-scale meat and dairy production it has developed since 1939. The total crop yields for all Canada now appear to be about one-third below those of the banner year 1942."

Law School Of NYU To Hold Conference On Renegotiation

A three-day conference on renegotiation and termination of war contracts will open this morning (Sept. 16) at the New York University School of Law. The sessions, which will continue until Saturday evening, will include approximately equal time for prepared addresses and for questions and panel discussions, according to the announcement by Dean Arthur T. Vanderbilt.

Among the government agencies which will be represented at the conference will be the Procurement and Legal Division and the Price Adjustment Board of the Navy Department; the Ordnance and Purchase Divisions of the Army, and the House Naval Affairs Investigating Committee. Nationally known firms of public accountants, tax experts, and legal firms will also be represented on the program.

The conference will bring together some of the men responsible for government policy and administration with leaders of business and their legal, accounting, and tax advisers, Dean Arthur T. Vanderbilt said in his announcement.

Utilities Need Relief From Unnecessary Wartime Regulation

(Continued from first page)

large or small, within their franchise areas. With the passing of the years this has included an increasing proportion of industrial power requirements until it would now normally be more than 75% of the total. The actual increase since war production began has, of course, been far above normal because it could be supplied with minimum investment in critical materials and lowest operating costs.

Industrial production is now more than double that of the average of the years 1935-39. Three-fourths of this increase occurred after the fall of France in 1940. Since that date the output of electric power plants has increased from 130 billion kwhr to 200 billion (May, 1943) or 54%. At the middle of 1940 these plants contained 41,000,000 kw of rated generating capacity, about 10,000,000 kw of which was in excess of actual maximum loads. This excess was regarded as ample for expected loads until additional capacity could be installed.

But power supply complications arose in the summer of 1940 due to droughts in central industrial areas, particularly that of TVA to which industries had come in anticipation of cheap and dependable hydro-electric power. A 50% reduction in rainfall accompanied a 25% increase in power load and threatened a drastic curtailment of war production, particularly the desperately needed aluminum. This TVA shortage was made up by a pooling of privately owned power resources under which supply came in from as far away as the tip of Florida and the Texas gulf coast. The contributing companies had the foresight to supplement their hydro-electric supply by adequate relay steam capacity.

There then arose, largely from Washington agencies, a forecast of disaster from widespread power shortages, with demand for drastic increases in capacity of government owned plants. The power industry did not share these apprehensions and challenged their basis which was, roughly, that power demands would increase in proportion to war production. In due time the Washington forecasts of increase in peak loads were found to be in error to the extent of more than 6,000,000 kw, and the industry's reserve capacity was actually drawn upon only to the extent of 1,000,000 kw, or 10% of its previous total. The reasons for this include a shift of industrial production from civilian to war supply instead of the assumed superimposition, adoption of daylight saving war time, and increased use of interconnections. The first named reason, together with two and three shift industrial operation (without increase in peak loads) played by far the most important part. The increased use of existing capacity in 1942 is shown by its 12.2% increase in kilowatt hours with only 5.1% increase in maximum loads. The annual load factor rose from 51% to 58.4%. Without this increase in load factor an additional 2,500,000 kw. of capacity would have been needed.

It is expected that at the end of this year the power industry will have installed capacity of at least 50,000,000 kw, with reserve in excess of expected loads practically equal to its pre-war standard. This will be in spite of the diversion of ordered turbine capacity to marine requirements to the extent of 2,200,000 kw, some of it from plants already extended and partly equipped to receive it. Many of the 85 plants from which this capacity was diverted found it necessary to recondition old equipment scheduled for early retirement as far as this was possible with scant repair supplies. Inter-company connections, included in the 80,000 miles of transmission lines of 60,000 volts and over, were of substantial assistance in meeting the extraordinary power demands in certain areas.

That the results were effective was asserted a few months ago by the Director of the Office of War Utilities, Mr. J. A. Krug, when he said:

> "Power has never been 'too little or too late.' There is today no shortage of power. This is in sharp contrast to the situation as to many other vital necessities. I do not know of a single instance in which the operation of a war plant has been delayed by lack of electric power supply."

While the problem of adequate capacity has been a major one for the power industry, it is by no means the only difficult one to be solved. When the shortage of oil supply became acute a year ago many electric plants, like other large users of fuel, were required to change their boilers to use coal. This involved auxiliary handling and pulverising equipment, ash disposal, additional labor and other added costs. Now, with a scarcity of coal in prospect as the result of strikes, the power companies are being told that they may be required to reconvert to oil or reduce their coal supplies far below the 100 day minimum which they have always found it prudent to maintain.

The general problem of scarce material has affected the power companies like other business but in some respects far more acutely. Copper, a major necessity in electric power supply, has been and is unobtainable except for essential war service, and then only after long delays and voluminous paper work. Copper wire that formerly was discarded for scrap is now spliced, reinsulated, redrawn or otherwise fitted for further usefulness. In the absence of the usual supplies of meters, transformers and other routine equipment, the companies have established exchanges through which excess supplies are released and needed items are secured. Inability to obtain transformers and other devices needed for routine load growth has led to intensive studies of possible increased loadings beyond rated capacities by taking advantage of favorable external temperatures, heat absorption characteristics of brief overload periods, air cooling, and even overloads that were known to result in some shortening of insulation life but not expected to cause failure during the period of restricted replacements. In some cases capacities have been temporarily increased by as much as 50%.

The exhaustion of the supply of domestic appliances has called for repairs of existing units far beyond normal procedure which would replace rather than repair older models. The scarcity of repair men and parts in the dealers' shops has diverted many such customer troubles to the broad shoulders of the utilities. With 125,000,000 of such appliances in service, the job is not a simple one. Special industrial power engineering problems, the supply of defense housing projects, the securing of war contracts for small business units in areas where labor needs employment and other community problems have made many demands upon utility technical and supervisory organizations. Lack of gas, tires and labor have curtailed meter readings, and together with shortages of repair material, have led to neglect of maintenance that will some time have to be made good.

The foregoing summary is intended as a review of the principal difficulties under which the power companies are operating due to material shortages, many of which call for additional effort to insure the maintenance of adequate service. But that is not the end of the story for, although needing increased personnel, the present greatly expanded service is being handled by a much reduced force. Just before Pearl Harbor the electric power companies had their maximum recorded employment, including 288,000 persons. In June, 1943 the number had been reduced to 222,000. War service had taken 40,000 and a much larger number had transferred to war industries, making the loss in skilled employes far in excess of the 23% net loss. Among the substitute employes are some 10,000 women and many men beyond the draft age. Relatively few positions are subject to continuing deferment and the training of new employes for highly technical operations is time consuming and costly. The curtailed forces now in service include guards now required at important stations, substations and other critical locations as well as those performing operating functions. The loss in efficiency due to substitution of new or transferred employes has been appreciable but impairment of service has been carefully and successfully avoided.

All these developments in the electric power field during the period of the world war show an increase in volume of business well in excess of 50%, with all its attendant complications, successfully handled with a trained personnel more than 25% smaller than normal. But, again, this is not the whole story of difficulties and distractions. In 1937 the Federal Power Commission and many of the state regulatory commissions put into effect new and radically changed systems of accounts to which the companies under their jurisdiction were required to conform. Such radical changes were opposed by the utilities but without success. Opposition was particularly directed to a change in fixed capital which required the segregation of "original cost," defined as the cost of existing units of property to the owner who first devoted them to public service.

A very large proportion of existing power companies are the outcome of a long series of purchases, mergers or reorganizations, some of them covering a period of more than fifty years. Many of the old financial records have long since ceased to exist, some of them relating to presently surviving property. In many cases, also fixed capital records do not show the cost of present units but rather that of units long since replaced by others through charges to maintenance. Such, for example, has been the common practice with reference to poles, meaning that present records may show costs far less than those of the units now in service. Present and recent accounting practices differ materially from the primative methods of the early years, but the regulations governing original cost determinations do not permit corrections of original entries for such obvious deviations from current practice. At any rate they are not permitted if original cost would thereby be increased. The job is projected, apparently, on a one-way street basis!

To the extent that this program, not directly authorized by the Holding Company Act of 1935 on which it is based, is intended to eliminate so-called "write-ups" there should be little opposition to its timely execution to the extent that such write-ups were arbitrary or intended to reflect inflated values and not for correction of known errors or deficiencies. When an arms-length purchase of utility property subject to regulation has involved a cost higher than that recorded on the books of the seller, and the transaction has had regulatory approval as being consistent with prevailing practices, the purchaser's record of cost should prevail against arbitrary eliminations. Any contrary procedure in the past would have definitely discouraged the consolidation of small properties, and the well-known improvement of service and reduction of rates resulting therefrom.

The disposition of those parts of fixed capital excluded from original cost is left to the discretion of the regulatory commissions, with little present prospects that they will be inclined to recognize any substantial parts as appropriate for consideration in rate cases. An apparent intent of this program is that original cost shall become the rate base of the future in spite of repeated decisions of our Supreme Court that costs incurred over a long period of time are not representative of present value, and that items of continuing value, although excluded from "original cost," may not be disregarded.

Write-ups have been disclosed in many past rate cases and have been given such regulatory consideration, if any, as their particular circumstances have warranted, all without any rewriting of fixed capital records. Such practice could be continued safely for the time being, particularly in the light of the close scrutiny of all proposed rate increases by the OPA under the Emergency Price Control Act and the Economic Stabilization Act, both passed in 1942 and to be in effect for the duration of the war.

Another feature of the new accounting systems promulgated in 1937 has been time-consuming and annoying to the utilities affected. It sets up a new method of providing for depreciation, based on the assumptions that the useful life of utility facilities is known, and that depreciation accrues uniformly throughout this life period. Although the first assumption is not supported by utility experience and the second is contrary to findings of our Supreme Court, the companies are expected to prepare elaborate tables of the estimated lives of various classes of property and the monthly or annual accruing depreciation of each class. They know that the reserves so created would ultimately reach a size that has been found by commissions and courts to exceed existing depreciation.

It is further proposed by certain commissions, particularly Federal Power Commission, to compute accrued depreciation by the retroactive application of this new age-life rule although it is inconsistent with past prescribed accounting methods and the insistance, already referred to, that fixed capital records of the past shall not be revised. All these various moves, apparently aimed at lower rates through a lower rate base and otherwise, have taken much time of executives, engineers and accountants away from the pressing task of insuring an adequate supply of power to war industries and others, again without immediately applicable results. There might be less concern over FPC activities if they were restricted to utilities actively engaged in interstate commerce. But when, for example, jurisdiction is asserted over a company engaged in intra-state distribution because it has an interchange power contract with a neighboring company which in turn has a similar contract under which power may flow into another state, the field of disturbing regulation is so broadened as to add substantially to the complications discussed herein.

Since Pearl Harbor electric power companies alone have devoted more than 9,000,000 man-hours to FPC original cost and SEC "death sentence" studies, exclusive of the necessary supervisory and legal effort. And of the 300 original cost studies included in this work, which account for 75% of the direct labor, two-thirds are still incomplete and will require the further expenditure of much time by employees, executives and attorneys. Approximately 4,800 employees, or more than 2% of the dwindling staffs of all privately owned electric utilities, have been engaged in this work between December

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8, 1941, and August 7, 1943, while a much larger percentage of utility employees has been affected. A force of this size could man a large part of the air fleets that have recently been raining destruction on Berlin and other German industrial areas.

It is obvious that the accumulation of above-outlined burdens, many of them wholly unnecessary for the time being, upon curtailed utility organizations, striving valiantly to supply an ever increasing demand for power, should have a tendency to discourage cheerful, maximum efforts. That such tendencies are not yet disclosed is a tribute to the loyalty of an industry with a record of outstanding past accomplishments. But full co-operation, even in unquestioned matters, cannot be maintained indefinitely in the face of continuing evidences of distrust and antagonism. If the present service is to be not only maintained but expanded, as is clearly imperative, a note of encouragement is sorely needed. The logical first procedure is to relieve the utilities of all duties and distractions not directly related to their job of helping to win the war.

Included in the relief category should be the original cost studies and the other new accounting complications referred to herein and the reorganization and recapitalizations to which operating as well as holding companies will be subjected if the "death sentence" activities of SEC are continued unabated. To the extent that the needed relief relates to Federal laws and supplementary commission regulations, it can be secured by Congressional action through which FPC and SEC activities outlined herein would be suspended for the duration of the war and until its immediate problems have been solved.

The scope of this moratorium legislation also might well be extended beyond that heretofore proposed to include regulation by either of these commissions of the activities of public utilities that are not **directly** engaged in interstate commerce, at least if the proportion of the energy produced by such utilities that may ultimately find its way into another state is unimportant. In fact, the suspension under such circumstances might be made permanent without known hardship to any interested parties other than the regulatory agency whose job would be curtailed.

Both FPC and SEC have contended that they are now bound to continue the activities in question because of the requirements of statutes or regulations over which they have no control, although such contentions are only partially supported by existing legislation. Other than for such mandates, convincing reasons for aggressive prosecution of such work under present urgent man-power needs have not been advanced. The release for the duration of the hundreds of employes of these commissions who are engaged on the work to be suspended under the proposed moratorium would be of material help in the present man-power shortage.

Such a moratorium has ample precedent in the relief granted by Congressional action in the depression years of the 1930s to farmers and others whose interests were personal and unrelated to such war activities as are now shared by public utilities. Relief of the character provided by the proposed moratorium has also been recommended by certain state and national regulatory agencies. Its prompt authorization would not only help to improve present operations but also would relieve apprehensions as to the motives behind the program to which the moratorium relates. It would promote new energy and enthusiasm in the prosecution of the war.

Detroit Judge Tells Receiver To Ignore OPA Ceilings In Sale Of Property

Judge Guy A. Miller of the Detroit Circuit Court on Aug. 26 instructed the receiver for a tool and die plant to sell machinery by accepting "bids of any figure whether above or below any alleged selling prices fixed by the Office of Price Administration." Indicating that Judge Miller thus acted in an informal decision, the Detroit "Free Press" of Aug. 27 reported the Judge as adding:

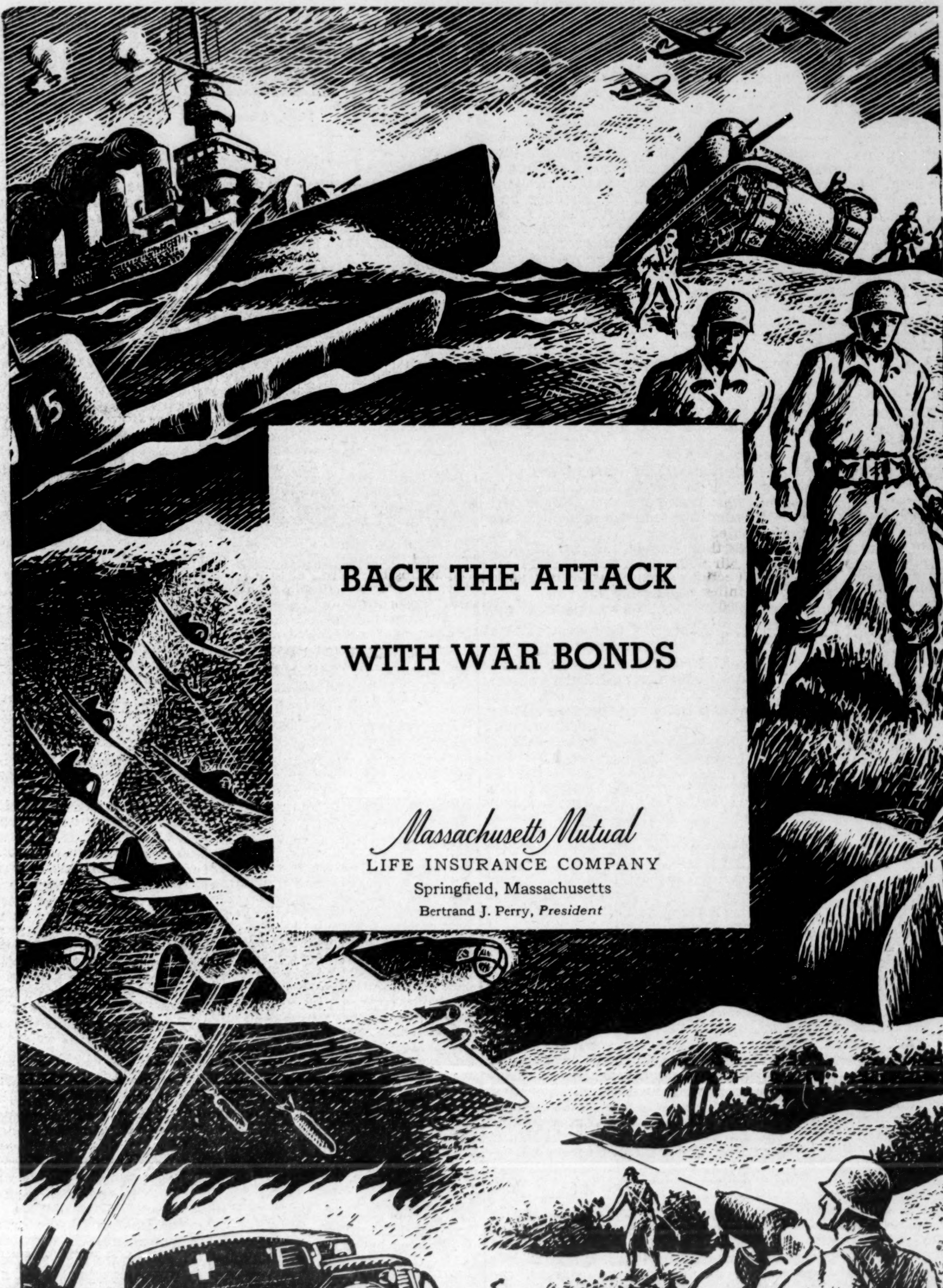
"The reason for this instruction is that the OPA is a Federal administrative office resting so far as this court is aware upon executive proclamation. There is no statute, no act of Congress, known to this court which gives to the OPA any jurisdiction over the sale of property which is properly in the hands of officers of this court."

The OPA office refused to discuss Judge Miller's decision directly, but called attention to the fact that several Federal Courts have upheld price ceiling regulations.

Judge Miller's instruction was given to Miss Una Dunlop, appointed as receiver for the Leisner Manufacturing Co., and grew out of the fact that one of the partners feared OPA rules might be broken in disposing of assets.

When it was pointed out that adherence to his instructions might place the receiver in jeopardy, Judge Miller said: "When the highest bid is received, and if it is over the ceiling price, the OPA will be invited to come in and show any law or statute that sustains the executive proclamation."

He closed the discussion with the statement: "If the OPA continues to take authority away from the state through executive proclamation there won't be any 48 states left."



The Future Of Interest Rates

With Special Reference To The Treasury's Borrowing Policy

(Continued from page 1087)

capital funds, whether for long-term or working capital requirements.

Credit expansion is so colossal that we run the risk of not comprehending its implications. Some economists and many users of credit speak of money as though it came out of a barrel, rates of interest to go up when the bottom of the barrel becomes a threat. Have we made allowance in our thinking for the fact that every credit extended creates a debit, that for every dollar borrowed there is created a new owner of a dollar? Are we still talking about money and credit as mankind did when it used "hard" money exclusively, before the perfectly astounding invention of double-entry bookkeeping? An invention not heralded as epoch-making, a slow growth over recent centuries, but today the instrument creating an expansion of money in its true sense, upon the solving of which our future is wholly dependent.

Is credit not directly dependent upon sound capital? Quoting Dr. Anderson: "Capital grows as men consume less than they currently produce." During the war, we are consuming natural resources, and wearing out industrial equipment and transportation equipment at a rate never before dreamed of. We have created new plant facilities, vastly improved production technique, and the spur to new invention and to produce great results is incalculable. What will the net result be? One of many unanswerable questions. My own conviction is that the wealth of this country cannot be measured by cold statistics, but that the tabulation should include inventive power, manufactruing technique, distributive and selling ability, educational facilities, and other intangibles, and that we have no adequate conception of our great wealth as a people. To make this wealth real, instead of just potential, will require an atmosphere friendly to work and enterprise.

Dr. Anderson states: "One of the great essentials for economic progress is that capital should grow more rapidly than debt." How much ground have we lost in this race during the war, all factors considered? A vital question.

Again quoting Dr. Anderson's essay: "I have seen calculations which would indicate that the capacity of bank credit to expand and to take Government bonds is very great, if no question is raised as to the credit of the Government and if there are no currency disorders." Can anyone refute the statement that the fundamental cornerstone of credit is the solvency of the debtor?

"Fear" is the other risk factor. "Fear", whether just or unjust, getting out of hand, can cause ruin. Has the element of fear been taken into account sufficiently, when interest rates are under discussion? To what extent are interest rates a psychological affair? How much has the "state of mind" of the debtor and the creditor to do with interest rates?

Several more, possibly imponderable questions, occur to me. What effect upon both short term and long term interest rates was caused by the abolition of interest on demand deposits at bank? If it is true that interest rates tend lower as a country becomes prosperous and rich, have we allowed sufficiently for the fact that we have in this country most of the riches of the world, measured by productive power, invention, transportation and electric power? In a creditor nation, how high a rate of interest, with the compounding of interest at work, is safe? Compound interest, year after year, generation after generation, is something to ponder about. Are we too prone to think that interest rates are abnormally low, and are we overlooking low rates in Edinburgh and London one hundred and two hundred years ago, when Great Britain was the money center? How about the very old adage "John Bull can stand anything but a 2% rate?"

When will borrowers appear to bid for risk money? Will corporations be allowed to expense renewals and replacements in advance of actual disbursements as an allowable deduction when computing taxes? Will the volunteer army selling Government bonds in the periodic War Bond Drives, and month to month on the clearly devised installment plan called Payroll Allotment, do a good enough job to insure a colossal buying power after the war, through accumulated savings and postponed spending? Will the postponement of spending be of sufficient proportions to hold down "war prices" and reduce war scarcity of things?

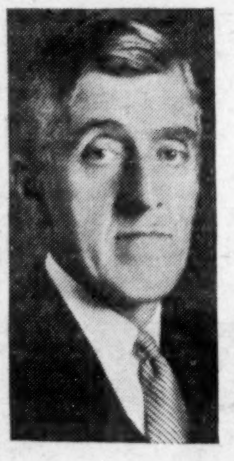
Can the public be made to realize that jobs for the soldiers, when demobilized, can only be available if we have buying power then to buy goods which the returned soldiers help produce?

Upon these questions and many more like them, the credit of the Government, our economic structure, depends, and, in my opinion, interest rates are inextricably intertwined. I think most people will agree that the credit expansion of the 'Twenties was an important factor causing the problems of the 'Thirties, but it was child's play compared to our post-war problem—to solve the war credit expansion. This is why Dr. Anderson's article is of such enormous importance.

HON. LEVERETT SALTONSTALL,

Governor, The Commonwealth of Massachusetts

The subject of interest rates is one of the most difficult problems that I know of, and one about which I feel very ignorant. It has always seemed to me that for the past few years interest rates have been unnatural. Government has stabilized them and now can't afford to let the prices of its securities drop, for if it does, every bank, insurance company, etc., in the country will "go bust."



Gov. L. Saltonstall

I am a little skeptical whether anything will be gained by putting up interest rates for Government securities. What is most important is to eventually balance the budget. I know that cannot be done over night, but until that is done and business incentive returns, there is not much difference whether the interest rates are low or a little higher.

Eventually, capital must go in again to productive sources, or else our system of living will be completely altered. When it does go into productive sources, interest rates naturally will be higher, and banks and insurance companies will invest in those types of securities.

As I said, this is a most difficult subject, but one that is fundamental and of interest to all of us if we are concerned in making our post-war country and living worth while.

M. J. CLEARY,

President, The Northwestern Mutual Life Insurance Co., Milwaukee, Wis.

I sincerely hope that Mr. Anderson's belief with reference to interest rates will materialize. I am in that viewpoint thinking not of our own company affairs but rather of the general good. Surely we ought to continue our interest in men and women providing for their own old age. If they are to do that in any great number, we will have to restore at least a part of the earning power of money which has been lost in recent years.

M. J. Cleary

I have often referred to the fact that I practiced law ,in a country area a good many years ago. When I left that community I probably could have written a list of somewhere between 50 and 100 elderly couples that had accumulated from $6,000 to $10,000 or $12,000. In addition to this they had a small home and garden. They were happy, contented people with no fears about the future. Under the then prevailing conditions their confidence was justified. Their money earned them from 5 to 6%. Their taxes and other costs were negligible. People similarly situated today have no assurance of future security. That is the unfortunate part of it.

As suggested by Mr. Anderson, if individuals and institutions are to continue to hold long-term Government securities, which the Treasury surely is interested in having them do, the yield will have to be such as to provide for the necessities of the investing institution and also to be reasonably attractive to the investing individual.

EVERIT B. TERHUNE,

Vice-President, Chilton Co., New York City (Publishers of Iron Age)

I regret to say that I have never been able to qualify as a fiscal expert and Dr. Anderson's article has given me more real factual information on interest rates than I have ever before had.

Everit B. Terhune

I was tremendously impressed with the summation as given in the last sentence of his article which reads as follows: "I think, too, that such a return to financial orthodoxy would greatly strengthen the fabric of confidence in government finance, in the future of currency, and in the whole economic picture," — to which sentiment I hereto subscribe.

WM. FULTON KURTZ,

President, The Pennsylvania Co. For Insurances On Lives and Granting Annuities, Philadelphia

I have read Dr. Anderson's interesting article "The Future of Interest Rates"—with a great deal of which I heartily agree.

I would not presume to argue with him on the academic points of his thesis. I do not, however, agree with his conclusions. I think higher rates of interest on Government bonds would not attract a vast amount of new investments, as I doubt if the interest rate is today the controlling factor. If the rate on offerings is substantially increased, the investor will naturally look for successively higher coupons and may await what he hopes will be the maximum rate. Such a program might place an almost impossible burden of support of the existing market on the Open Market Committee operations of the Federal Reserve System.

I think Dr. Anderson's suggestion that the holders of presently issued long-term Governments be permitted to convert into higher rate issues is absolutely unfeasible politically and would be creating preference for the commercial banks and other financial institutions that would constitute the poorest sort of public relations, even if such a program were possible. In effect, his proposal might be viewed as an attempt to guarantee par or possibly even a premium for the present holders.

With the probability of a war shorter than we originally expected, I am inclined to think that the fiscal and monetary authorities can and will continue to keep money rates in the general neighborhood of present levels.

HON. ROBERT HALE,

Representative in Congress from Maine

Robert Hale

I think that Dr. Anderson is one of the best writers in the country on economic subjects.

DR. FELIX MUEHLNER,

Niagara Share Corporation of Maryland, Buffalo, N. Y.

We appreciate your invitation to comment on the views of Dr. Anderson and we agree with him that it is a fundamental issue to know whether or not capital created by bank credit expansion can serve as a substitute to the real savings by thrift.

However, we wonder whether or not this issue can intelligently be discussed as long as we don't know what kind of a post-war world we shall have to face. All we know is that we shall be confronted with the highest national debt in the history of the United States, due to a war of an immensity never known before.

As long as this life struggle is still on, we cannot quite see the importance of advocating a raise of the interest rate now. Somehow, it appears to us that Dr. Anderson is not giving credit to the American Nation by saying that patriotism by itself won't take bonds with present low coupons in adequate quantity. This war seems to us to be too serious an issue to differentiate patriotism on the grounds of a higher or a lower coupon rate on Government bonds.

Perhaps we may suggest to Dr. Anderson to explain to the readers of the "Chronicle" the reason why bank money instead of thrift money has become the main source of capital in the last decade before the outbreak of this war.

Isn't the real dilemma simply this: that thrift reduces consumer's purchasing power for consumer goods and increases production facilities which in turn depend for continued operation on consumer's demand and have to curtail production if consumer's demand declines on account of the habit of thrift?

Isn't the phenomenon of idle money better explained by the observation that existing production facilities had a hard time to make money and that thrifty people preferred to keep their savings unemployed instead of risking investment in new enterprises, when old and established companies were not doing so well, even if new enterprises offered a high rate of return?

C. F. CHILDS,

C. F. Childs & Co., Chicago

In general I share Dr. Anderson's views. However, in recognition of what the Treasury has already done at adopted low interest rates, and since uncertainty exists regarding the duration of our Government's "New Deal" policies, these war days do not seem to be the proper time to reform the whole fiscal program.

C. F. Childs

J. W. WATSON,

Treasurer, Shell Oil Company

Thank you very much for your letter of September 1 to Mr. Fraser, and for the copy of the article on interest rates by Prof. Anderson, which was enclosed. Mr. Fraser has asked me to acknowledge it. This I do, with my appreciation for another opportunity of reading a noteworthy article about a subject of more than passing interest just now. A clear understanding of the factors involved in today's financial policies will promote clear thinking and, it is hoped, constructive action upon this phase of the national problem. Dr. Anderson's article is of great value in this direction and he states a very complex case in simple and logical terms without, I believe, running into the usual risks of oversimplification.

I trust that more articles of this type and caliber can be expected in the future, as we now need authoritative discussions by qualified men more than ever before. Your part in making this possible is commendable.

JOHN L. ROWE,

Los Angeles.

Dr. Anderson's article is full of thought provoking material. My only criticism of these experts who write this pedantic material is that they see too many bogeymen at every turn. We simply now have in this country a condition that is the antithesis of the roaring 'twenties. Whereas every Tom, Dick and Harry was in debt up to the hilt by 1929 we now have a condition where the individual is cash happy and debt free. Last year individuals set aside 22 billions while corporations were piling up 14 billions. Private debt redemption is moving ahead at an appalling pace.

The fact that the public debt touched 148 billions last month is not serious. Provide this country with harmonious politicial and economic environment and our post-war boom will cancel this debt at an amazing pace.

If we can somehow bring Soviet Russia into the family of nations so that we can tie our domestic and world commerce to Mr. Roosevelt's devalued gold dollar, then we shall have the mechanics for a world recovery, the like of which commercial history has yet to record. It will then be time to take cognizance of the future trend of interest rates. Let us then lighten the tax burden on industry, initiate a national sales tax in its place, and thereby restore the profit motive to a high level. Under these conditions the producers of wealth will be generous, as usual, with those who prefer interest to dividends.

Under Mr. Roosevelt's leadership Federal debt has mounted while individual debt is being liquidated. Our debt structure is now in one central depot instead of being spread thin as it was in the roaring 'twenties. Reverse this domestic trend and bring Soviet Russia into the family of nations so that an international gold standard mechanism can be made to work, then be on guard for a major change in the long-term interest rate. As a nation, we shall be on the way to new and glorious achievements!

Unlike the roaring 'twenties, this new era will be an advancement gained through controlled individualism. The New Deal deserves credit for laying a foundation which, with refinements, can achieve orderly cooperation both at home and abroad.

CRANDALL MELVIN,

President, The Merchants National Bank & Trust Co., Syracuse, N. Y.

Crandall Melvin

I can't fully agree with Dr. Anderson that the interest rates are bound to work higher in the near future. It is true that probably in seven or eight years they will work higher, but in view of the tremendous financing job that the Treasury still has to do, I don't see how they can permit them to go any higher.

I don't agree with him when he states that interest rates aren't high enough to attract investors' funds. It appears that there is a reluctance on the part of the people, a question in their minds as to how the Government is going to handle the debt that deters them from investing and not the rate of interest.

I am 100% for him when he states that banks holding long dated Governments should be allowed to subscribe for the proposed new high yield issues with their old bonds. If this was not permitted, the future solvency of the banks of the country would be jeopardized.

Our opinion is that the Government should continue to hold down the interest rates on their bonds in order to protect not only the banks but also the insurance companies of the country. I also feel that, if it is at all possible, the Government should institute every possible conservative program to instil in investors confidence in Government securities.

At this time I want to congratulate you on the fine publication which you present. It is "chock" full of wonderful material and my only complaint is that I don't have sufficient time to read it from the first page to the last.

D. B. ROBERTSON,

President, Brotherhood of Locomotive Firemen and Enginemen, Cleveland, Ohio

While I have not had the time to review "The Future of Interest Rates With Special Reference to the Treasury's Borrowing Policy," by Mr. Benj. M. Anderson in as complete detail as I should like, it seems to me that to express an opinion with respect to Mr. Anderson's views on the future of interest rates would involve the discussion of a subject concerning which learned and eminent economists are not in full agreement.

However, this I can say: My concern at the moment is that (1) the war be brought to a successful conclusion at the earliest possible date and (2) that a post-war economy be planned which will not only absorb the shocks of conversion of industry from a wartime basis to peacetime pursuits but will also make jobs available to our returning service men at wages in keeping with the American standard of living as we know it. Give the workers full time jobs at good wages and I doubt if we will have much to worry about concerning the solvency of the banks and/or industries.

Another point I should like to make is that I have no sympathy with the views expressed by Mr. Anderson to the effect that "facing its realities would give immense impetus to the move for economy in spending even in the midst of war, and in particular might make the Treasury a strong advocate of doing away with the forty-hour week for the duration of the war, and of 50% overtime payments beginning at 40 hours in work on Government contracts as well as elsewhere."

In this respect the record speaks for itself. True, in some instances it has been found necessary to increase the work week because of the manpower shortage, but the soundness and efficiency of the present work week is unquestioned by the Government and the splendid production records being established by American labor will doubtless go down in history as one of the great achievements of the war.

When one advocates theories such as the one referred to, a grave dobut arises in our minds as to whether it is not a camouflaged attempt to shackle labor and destroy the social gains of the past decade rather than an honest effort to improve the general situation.

DAN W. HOGAN,

President, City National Bank & Trust Co., Oklahoma City, Okla.

Dan W. Hogan

I have read Dr. Benjamin M. Anderson's article on "The Future of Interest Rates" with a great deal of interest and I think the doctor's suggestion that the Government allow investors the privilege of surrendering present issues for new issues which bear a higher rate, in the event that is the case, is sound. In fact, bankers will not buy long-term bonds at the present rate of interest because such rates are out of line with the earnings of other investments.

A person who depends upon his interest income for a living is now finding that he needs a raise just as much as the man who labors and who is clamoring for a raise on account of the advancing cost of living.

THOS. H. CANNON,

High Chief Ranger, Catholic Order of Foresters, Chicago.

I have read Dr. Benjamin M. Anderson's article on "The Future of Interest Rates" with great interest, although there are some sections of the address which the ordinary layman would not be able to follow as well as one who has devoted himself to economic interests.

The organization that I represent has invested $40,000,000 in municipal bonds through the last forty years. We used to have an average yield of about 5½% but it is going down every year until today our average annual yield is about 4.3%, but we cannot invest in safe municipals in the present market at much better than 2½%. The declining interest rate has caused us and other insurance organizations to remodel our premium tables because the invested reserves will not realize the basis of 3 and 3½%, upon which these premiums were formerly calculated. We started with a 4% interest assumption and then had to cut it to 3½%, and if the present interest rates continue to decline, we will have to go on an even lower than 3% interest assumption. Of late months, of course, we have been prodded into investing in Government loans which realize us less than 2½%. I would like the return of the good old days when money could have its fair return by way of interest.

LEWIS H. BROWN,

President, Johns-Manville Corp.

Dr. Anderson's article on the future of interest rates is most interesting and informative.

Lewis H. Brown

I do not see how anyone can believe that the present enormous expansion of bank credit incident to Government financing can, in the long run, be productive of any good. To curtail it, there should certainly be employed whatever reasonable steps are essential to procure public investment. I have no doubt that Dr. Anderson is right in saying that the most important step is to restore a rate of interest on Government securities which will make people want to own them.

M. ALBERT LINTON

President, Provident Mutual Life Insurance Company of Philadelphia

I have read Dr. Anderson's article, "The Future of Interest Rates," in the Commercial and Financial Chronicle twice.

M. A. Linton

I am not a banker and therefore do not have an informed judgment as to the proposal to permit banks holding long-dated government bonds to subscribe for new higher yield issues with their old bonds. To a layman, it sounds reasonable, but whether there are complications which I do not foresee is another matter.

On the whole, I feel Doctor Anderson's article is a very helpful and stimulating one. To my mind the probabilities as to the future of interest rates are of the utmost importance to many types of institutions, life insurance companies in particular. . . .

W. HARNISCHFEGER,

President, Harnischfeger Corp.

I have reviewed the article by Dr. Benjamin M. Anderson entitled "The Future of Interest Rates." with considerable interest and there certainly seems to be some sound reasoning behind the opinion he expressed.

I am somewhat reluctant to give my opinion on this very involved subject but I can, unhesitatingly, state that I, personally, do not endorse a great many of the new ideas in financing.

Personally, I believe that our Government's finances are in a very unsound condition and unless something is done, we are bound to have chaotic conditions. In my opinion, the starting point is to reduce government expenses to a minimum. This is, of course, difficult to accomplish with the prevailing policy. The second point is that I believe a substantial increase in taxes should be secured by enacting a sales tax.

With reference to the matter of bond interest, it has always been the practice that short maturities have a comparatively low interest rate. I am in agreement with the theory that the interest rates, in view of the present chaotic conditions, are entirely too low and by increasing the rates there might be a trend toward investing which would assist in stabilizing our economy and, of course, this would have the tendency of obtaining more capital in this form of security which, apparently, is going to be necessary.

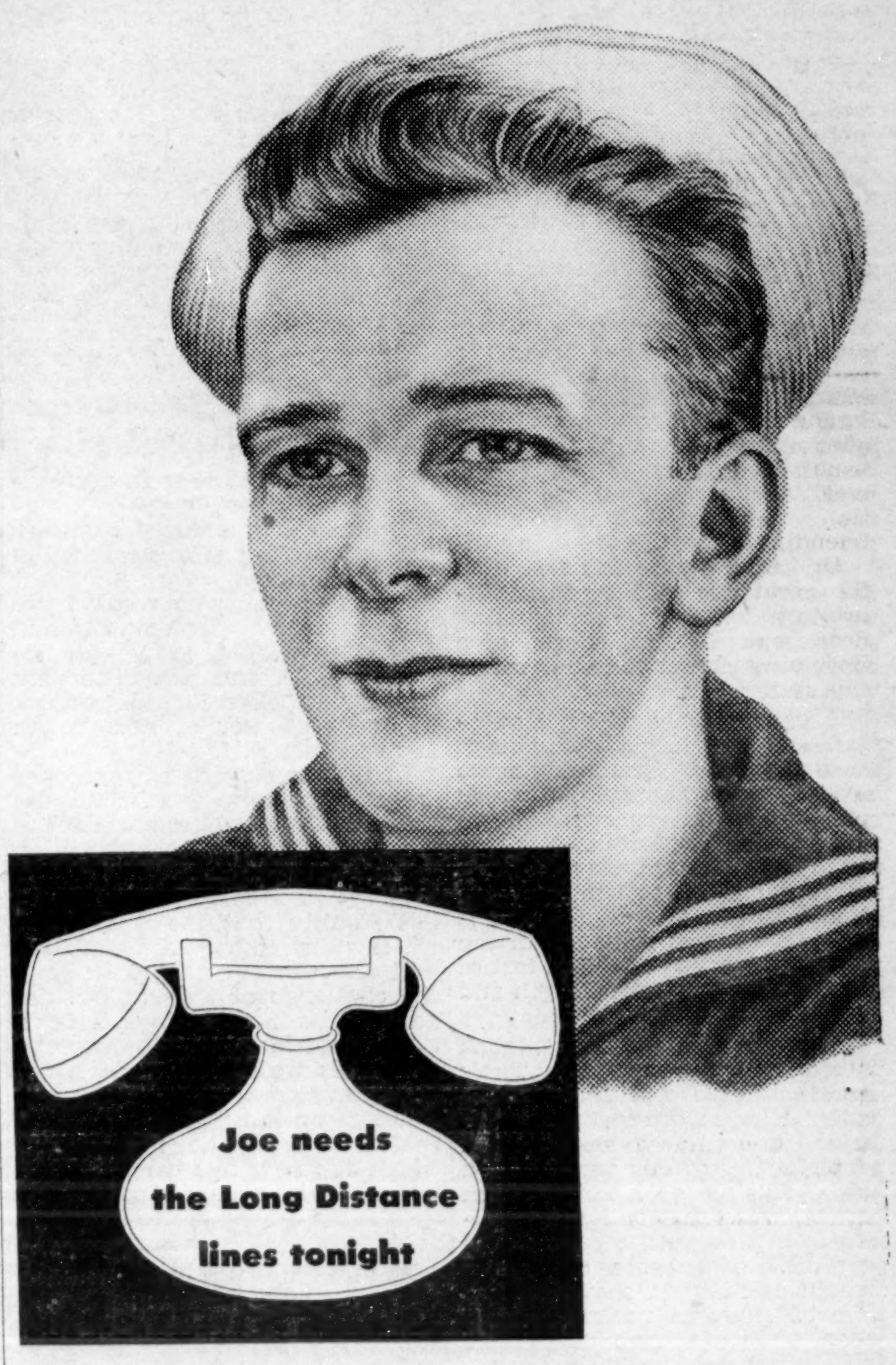
Under the most favorable conditions, I believe we are going to have a long, hard road ahead to liquidate the obligations which we are incurring.

Home Loan Banks' Resources Higher

Icreasing 7% over the past fiscal year, total resources of the 3,774 member institutions of the Federal Home Loan Bank System have passed the $6,000,000,000 mark, James Twohy, Governor of the System, announced on Sept. 4. By districts, it is announced, the largest gain in the year ending June 30 was registered by the Federal Home Loan Bank of New York, which reported a rise of 25% in members' assets, in part due to he admission of five New Jersey mutual savings banks into the System. Since 1936, the resources of the thrift and home-financing institutions of the System have almost doubled, Mr. Twohy said. From the advices we also quote:

"Membership of the System on June 30 consisted of 1,468 Federal savings and loan associations, 2,261 State chartered savings and loan associations and similar institutions, 23 insurance companies and 22 savings banks. The savings and loan associations in the System alone serve some 7,000,000 investors and borrowers.

"Since the System was established, the 12 regional Federal Home Loan Banks have advanced $1,044,000,000 in reserve credit to their members. Approximately $92,000,000 was outstanding on July 31."



He has a promotion to report. Or a week-end leave coming up. Or it's his mother's birthday.

Evening is about the only time he's free to call and it's important to him.

Will you do your best to avoid Long Distance calls after 7 at night, for the sake of millions of Joes — and Josephines? They'll appreciate it.

BELL TELEPHONE SYSTEM

To Keep American Tradition Alive We Must Blaze Trail For The World

(Continued from first page)

peoples' ability to help themselves."

In stating that "there is a great deal we can do," Justice Douglas said:

"We cannot force other countries to act as we wish or to emulate our way of life. But if America continues to be a country worth following, she will be followed. If our standard of life and our respect for the individual and his freedom are still vital and inspiring they will inevitably awaken similar desires in other lands."

He essayed that "we cannot expect our prestige throughout the world to rise above the level of our own accomplishment at home." "Our world problem," he continued, "far from conflicting with our domestic job, should stimulate us to do better. If we want the security of friendship with like-minded neighbors, we will show the world that our democracy can outperform any other system. No counter-propaganda can stand against that."

Observing that "in the era now ending we have been the inspiration of the world, the symbol of progress to even the most progressive countries," Justice Douglas admonished that "to keep the American tradition alive, we must continue as the trail blazer of the world in the age now dawning."

The address of Justice Douglas follows in full:

We are living in an era of fundamental change. One age is giving way to another. The process of change was set in motion before the present war began. The war is indeed a violent chapter in its history. But this war—huge and disturbing as it is—is hardly the last chapter in the transition.

The war is a challenge. It is a challenge not only to our ability to produce guns and tanks and planes, and to use them in the field. If that were all, we would not be talking and thinking about the future as we all are doing today. But the war is more than the immediate challenge of military might which we are meeting so triumphantly. It is part of a continuing challenge to our whole way of life.

Military victory will not automatically provide a solution to those problems. Something more will be required of us. Our moral stamina as well as our fighting strength is being tested. For it is up to us to prove that our democracy can adapt itself to new circumstances, yet carry with it the values it has achieved in the past. This war is a test—a test of our wisdom, and our strength and our faith.

China, Britain, Russia — each passed the test of survival. Their successes were not lucky accidents. They were genuine victories, earned by millions of people. They demonstrated a basic principle of history. Each battle proved that national integrity is a prerequisite of national survival. The cases of China, Britain and Russia show that, in time of supreme national crisis, when a people have only their faith left to fight with, they can—if they feel they must—convert and transmute their national integrity into a decisive weapon of national defense.

We need not be concerned when the minds of the American people are in a ferment of doubt. Trial by doubt is an ordeal from which nations, like men and women, gain both wisdom and stamina. Nor should we be frightened when a world crisis provokes a mood of self-questioning among us. This doubt, this self-questioning, is not mysterious nor humiliating. On the contrary, it is a challenge which a vigorous and healthy people must always welcome. It is a challenge which should make us glad to be living at a time when so much is demanded of us, when entire nations can rise to heroic heights. In the history of mankind turbulent years are more nearly normal than placid ones. Societies either advance or they disintegrate. That is, perhaps, the first law of life.

Any era of transition or change provokes uncertainties. The old dogmas are no longer sure. The old truths seem to have been refuted. At such times—and especially when the climax of a great and bloody war is approaching—the whole basis of life is invariably altered. We cannot know what will come to take its place. But we may all be sure that the end of this war will be the signal for the beginning of a new struggle . . . a struggle of a different kind. It will be on the moral and social front. Upon our skill and wisdom in that endeavor will depend our chances of building successfully a new America; of shaping her to our historic ideals; of making her new stature a guarantee of freedom, of strength, and of promise to the world; of saving a new generation from the terrible necessity of having to fight another World War.

We cannot escape the test nor evade the issue by pretending that the familiar world of the past 60 or 70 years is more than a memory and a tradition. We were brought up to live by its facts and ideals. We honor our past, and we propose to live by our traditions, not blindly, but selectively and intelligently.

America has never stifled life; it has always grown. America has never worshipped any imaginary absolute of perfection. As a people we have understood that a gulf must always separate what men have from what men want. That is why we are tireless in our pursuit of the better.

America has endured, America has remained true to herself, because she has changed many times. The men who created this country knew that empires and eras, like people, grow old, become feeble, and die. The men who have spoken for this country in every chapter of her growth have known it, too.

In the same spirit of reverence for our dynamic past, with the most profound determination to use the great American tradition as a living guide to the world about to be created, we must admit frankly that the world into which we were born has died. We will dishonor our past if we deny the challenge of today. We, the generations now living, have a great historic chance to preserve the ideals we inherited. It is the same chance our fathers had. But it is also up to us to discover new goals, to find the new truths which the new age we are moving into will need, if the Americans of the future are to be proud of their history and traditions.

The task will not be easy. We'll have to make up our minds to live with our doubts and with our worries, with the problems to which no one today can give a simple or positive answer. While we must not underestimate the job, neither must we let its complexity . . . its immensity . . . appall us. This is not a country of men who are refugees from the past. This is not a nation of men and women who cling to the past because they do not understand the present and because they fear the future. Nor is it a country of men who are willing to sell their souls for a promise of security. This is a country of men and women who will accept the challenge of what lies ahead—all of them ready to do their part; all of them living with a sense of responsibility to their children and to the American Creed they want to hand on to their children's children.

The last great period of change and growth which America went through, some 80 years ago, was more like our own than we have been brought up to think.

The 1840s and '50s were a time of social ferment and intellectual probing. People were beginning to re-examine the values that their parents and grandparents had lived by. New religious groups sprang up just as new political ideas did in our day. And the period was climaxed by a war as bitterly fought and as fundamental in the changes it brought about as any in history.

Abraham Lincoln was not only the protagonist of his age. He was the symbol of all its inner meaning. No man could have been more tortured by doubt. No man could have felt more deeply the consequences of the action he knew he must take—action that he was sure was right . . . and yet which destroyed a way of life and meant death for thousands of young men.

Lincoln met the challenge of his own time successfully. But no one knew better than he that there would be new challenges to meet, new periods of change and doubt, new ages of transition and revaluation. Some of the problems of his age still face us. Lincoln left us no panacea, no lifeless and entire peace. He handed down to us, rather, an opportunity to preserve America in its own image, an opportunity to build anew. What he felt and thought and suffered is a barometer of all the spiritual striving and search of his era and a measure of its heritage for us.

Out of the confusion and disorder of that day came one of the most vigorous and lusty periods the world has ever seen. The age of crude growth and ruthless strength is not one that we want to repeat. But the vitality and the promise of our post-Civil War life were as real as its crudeness. There is no reason for us to think that America cannot experience such growth again. Out of our own experience can come a spirit as powerful but wiser, a purpose equally determined but even better fitted to the world of tomorrow.

The decision of the Civil War that all labor in America would be free labor ushered in the greatest, most dynamic of all industrial revolutions. To some, looking back today, it is a Golden Age of enlightened self-interest and free enterprise. To others, it is the dark story of the marauding barons of high finance . . . of exploitation . . . and nothing more.

Neither of these views tell the story, which is far more dramatic than any special pleading can make it. The last 80 years saw us grow from a sprawling adolescent, importing economy to an industrial power greater in many ways than all the rest of the world put together. Our wilderness became farm land, our frontiers were transformed by blast furnaces and machine shops and factories of every kind. We were needlessly wasteful of our resources, and we left problems and evils in our path. But we made more things than any nation had ever made before and we gave more of them to more people. We were America. We were the trail blazer of the world. We pictured abundance to succeed scarcity. And we groped toward that goal.

But what we gave to our people—what our people made and took for themselves — was not just wealth and material things. We also made new liberties. No nation has ever been free as we have been free. Nor did any nation ever dare dream of growing as free as we did. The immigrants from Europe who came to our shores had heard stories—incredible stories—of gold in the streets, and shoes for everyone. But it was the other stories they heard, the stories that had the word liberty in them, that also brought them across what was then the wide Atlantic. It was the news that you could say what you wanted, and think what you wanted in America; that you could worship your God or argue about Him as your conscience told you to; that you could become a citizen and vote for the people who governed you; that you did not have to cringe before officers in uniform, that your children could go to school, free school, and learn to read and write and grow up to be somebody. They learned that civil liberties meant not only their right to say what they liked and the other fellow's right to say what he liked. They learned that the true meaning of those liberties was the right of the other fellow to say what they did not like.

Because of these things they learned to live together with other people whose fathers their fathers had always fought in the Old World. They and their children became Americans. They came, and they worked, and they fought as they are fighting now. They learned how to speak their minds and make their needs and desires felt while accepting the equal right of people of different views to do the same. They made themselves a place alongside the descendants of the older waves of immigrants. Because they could do this, because it was the freest land in the world, America became the richest.

That is a primary lesson we can learn from the earlier era of American development. Our people won new liberties. They did not reach Utopia. No one ever will. But within the wide framework of those new liberties we were able to produce the good things of life more abundantly than any other nation. Our wealth and our power have been a direct outgrowth of our freedom.

In that connection let us not forget that in the last century we offered the common man something few other nations did—opportunity. He was not bound by inherited class distinctions. He could make money, win professional distinctions, acquire political power within the framework of a republic, or simply pursue his own idea of happiness as he wanted within the bounds of a reasonable penal code.

Those are the ideas of freedom and liberty that have made us the inspiriation of the world.

Those are the ideas of liberty and freedom for the individual which we must never lose.

Now that our position in the world—our very existence as a nation—is being challenged, all Americans are considering what our policy toward the rest of the world should be when the war is won.

Some say the rest of the world is no concern of ours, that we ought to let it stew in its own juice while we devote ourselves to solving our own problems. Others feel that our problems are merely a part of international issues and that we must take on 4—To Keep Amer Tradition Alive the responsibility for solving those international problems before we can expect to get anywhere with domestic questions.

Each group is convinced that only the attitude it advocates will protect our liberties, and that to follow the rival course would ruin democracy in America.

If we look at the influence on the world that this country has had in the past, we may get a clue to how we ought to behave in the future. It is perfectly true that our domestic problems are part of a larger picture. All that we do to solve our problems at home is immediately radiated out to the rest of the world.

At the same time, we should knows more about its own troubles and problems than we do or ever can. No matter how high our ideals or motives, we can hardly qualify as managers of the affairs of other nations. What may be good for them may be anathema to us or vice versa. The history, the traditions of people vary throughout the world. Each must work out its own destiny. We should let others have the same free choice which we reserve for ourselves.

Even if we wanted to, we could not assume sole responsibility for solving international problems.

Moreover, we must disparage and underestimate other peoples' ability to help themselves.

But there is a great deal we can do. We cannot force other countries to act as we wish or to emulate our way of life. But if America continues to be a country worth following, she will be followed. If our standard of life and our respect for the individual and his freedom, are still vital and inspiring, they will inevitably awaken similar desires in other lands.

But other peoples must feel that our attitude toward them is friendly. We must show them that we are more than a great tutor; that we can learn as well as teach.

Above all, our word must be good.

The world is going to need—and it will welcome—as much competition as the people of America have always insisted on at home.

Liberties cannot be forced upon people. But we can kindle the imagination of the citizens of other continents with the idea that they would do well to achieve such liberties for themselves. After all, nothing succeeds like success.

We cannot expect our prestige throughout the world to rise above the level of our own accomplishment at home. Our world problem, far from conflicting with our domestic job, should stimulate us to do it better. If we want the security of friendship with like-minded neighbors, we will show the world that our democracy can outperform any other system. No counter-propaganda can stand against that.

In the era now ending we have been the inspiriation of the world, the symbol of progress to even the most progressive countries. To keep the American tradition alive, we must continue as the trail blazer of the world in the age now dawning.

During the crisis of Lincoln's day, the political party in power in England was ready to enter our Civil War against the North. It was the common people of Britain who stopped the move. The war meant hardship to the textile workers of Manchester, thrown out of employment because the Northern blockade was cutting off supplies of cotton. But although the British Navy might have broken the blockade and put them back to work, although gentlemen across the sea who were supposed to be so wise were for war, the textile workers protested. America was not just the country that sent them their raw material. America was a dream in their hearts. They would not fight her. They would not let their rulers make war upon her.

Those people are allies worth having. They are the ones who said in England four years ago, "We will have no more appeasement. We will honor our obligation to Poland." They are the ones who three years ago stood up when hell rained on London and Coventry, on Bristol and Portsmouth.

They are the Chinese farmers who turn soldier by night, who keep Japanese rifles hidden in their huts and blow up bridges with home-made hand grenades and risk torture that China may live.

They are the Russian people

(Continued on page 1101)

Catching Up With The "American Radical"

(Continued from page 1093)

may expect that the imposition of additional taxes upon a man's life insurance estate certainly will continue to occur to our Legislators. Already we have seen the specific $40,000 exclusion wiped out.

At such time as the matter of further life insurance taxation again may come up, however, our tax experts should remember this: LIFE INSURANCE IS INDEMNIFICATION IN CHARACTER. Its purpose is to make **no one rich;** to **reap no profits** for the beneficiary, but simply and solely to INDEMNIFY A WIDOW AND CHILDREN AGAINST THE LOSS OF INCOME OCCASIONED BY THE DEATH OF THE BREAD-WINNER.

Happily, a few of our outstanding Legislators realize this, and their testimony in behalf not only of life insurance but of the right to leave a competence for one's family lends encouragement to the hope that American traditions of personal liberty may continue to prevail in years to come.

One of these Legislators is Senator Styles Bridges of New Hampshire, who says this:

"Frankly, aside from my home, a small farm, in New Hampshire, my life insurance represents most of my life's savings. I have three boys; one is now in the Armed Forces in foreign service; two are in the public schools. The insurance I carry gives me assurance that my sons will be brought to manhood. It is my way of providing security for them, assuring them of an education, clothes, a home, and other necessities of life, regardless of what may happen to me.

"The protection which I have afforded them gives me comfort day by day as I go through the hazards of life. I am fortified by the realization that whatever tomorrow may bring I have done the best I could to safeguard the future of my children.

"Today with the world in the greatest chaos of all time what can a man cling to but the stable, substantial things of life? What greater comfort can any man have than the knowledge that come what may his family shall not suffer?

"Security and protection stretch beyond the grave and extend a helping hand to loved ones after the physical support of the family bread-winner ceases to be a functioning element. That is life insurance. But as great as life insurance is, it cannot be considered a thing mechanical. It is human in its entirety. There is the personal, individual understanding that must be reckoned with in the scheme of things. . . . even for a factor as strong, as powerful, as complete as life insurance."

Another is Representative Wesley E. Disney of Oklahoma, member of the House Ways & Means Committee, who says:

"There was only one way I could provide for my wife in the event of something happening to me—so I started my life insurance program; a too limited one, I realize now. It was the only way a public official, dependent upon a small monthly income, could provide an estate. My chief regret is that I did not, in those earlier days, enlarge my program of insurance. I waited until later to do that, and in consequence I am absolutely compelled to carry for the protection of my family in its present station in life, an insurance program that is expensive. I am paying for my lack of foresight. Upon this experience, my advice to the younger generation is to start your insurance plans early and enlarge them to completion before middle age.

"As I have said, since those days the life of a prosecutor in Oklahoma has become less hazardous; but I moved on ten years ago to Congress and then was elected to Ways and Means, the Tax Committee—so I might still be classed as living a dangerous life, particularly when taxes are the subject-matter of conversation. But I'm still a policyholder and still interested in what happens to the life insurance business. I'm interested first because I've put my own money into it these last thirty years, and the future security of my family rests in the hands of the management of the insurance companies. That is almost literally true. Beyond that, I'm interested in life insurance because I've seen it in action, seen the part it has been compelled to play in the development and preservation of the governmental and business principles of our democracy."

Representative Disney speaks of "the future security of my family," and that brings me to the "SO WHAT?" of my talk here today. I started out by quoting from Dr. Conant's article on American Radicals who would resolutely "demand the confiscation, by constitutional methods, of all property once a generation" (and remember that life insurance is property), then I showed you how impracticable or impossible it is adequately to provide for your family under today's tax schedule other than through the medium of life insurance, which itself certainly is not and has not been immune to increased taxation, but which today appears to be about the only way in which a fair competence may be passed on.

Now I don't necessarily say that the present tax situation points up a trend or holds a threat for the future; but I DO say that you had better start thinking about how you are going to leave a fair competence for your family—whether through stocks, bonds, real estate, life insurance or other property—and **start talking with your Legislator friends** about the problem so that there may be **no misunderstanding whatever when this war is over.**

Furthermore, I believe that in order to guarantee that the family may continue to exist as the principal unit of our civilization from generation to generation, we must be prepared to **oppose vigorously any attempt which might in the future be made to break up trust funds and estates of a reasonable amount,** through tax means or otherwise. And in view of the obvious fact that today the amount of so-called "spendable funds" available for the creation of a competence for widows and children will go further in life insurance than in other forms of saving, I believe that a deduction for life insurance premiums up to a reasonable amount should be allowed in calculating income tax; that the recent exclusion of $40,000 of life insurance from estate tax should be immediately restored, and that, in order to help families conserve whatever estate they may inherit and promptly pay their taxes on it—and this point is most important—life insurance SPECIFICALLY EARMARKED FOR PAYMENT OF ESTATE TAXES SHOULD NOT BE INCLUDED IN THE TAXABLE ESTATE. This would not only benefit the family but the U. S. Treasury as well, for it would definitely assure the Treasury of its estate tax revenue no matter what the structure of the estate might be.

The progress of this great and enduring country of ours ever since it was born on that glorious day 167 years ago has been based upon one thing and one thing alone. THE WILL TO WORK AND TO SAVE AND TO PROVIDE SECURITY AND FREEDOM FOR THE FAMILY. And freedom, gentlemen, is not only a **right** but a **hard-won heritage** which constantly must be **fought for** to be preserved. If we ourselves are to be denied by law the privilege of providing security for the family, then others must provide it. **And every time people accept a guarantee of security from others they surrender an equal amount of freedom.**

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To Keep American Tradition Alive After War We Must Blaze Trail For The World: Douglas

(Continued from page 1100)

who held at Stalingrad and today roll back the Nazi hordes towards Berlin.

Those silent millions are our real neighbors in the world now being born. They are taking the place of the decadent and irresponsible castes that traditionally controlled old-world politics. They have moved closer and closer to the council tables where power politics has always flourished.

Those silent millions—the common people of the world—are paying for the war—as they have paid for all wars—with their blood and their suffering. They insist that the world of tomorrow offer more to youth than the creed of cynicism. They insist that the world to tomorrow not make a mockery of those killed and sacrificed in this war.

We failed in 1918. We must be wiser this time. We must attain new maturity if we are to make our victory in this war a fitting end to the struggle that achieved it. Our chances of success increase with the ascendency of these silent millions to a greater position of power.

To fight in the manner of the Allies, a nation must have more than a fine army and good equipment. There has to be an idea in the hearts of the people, soldiers and civilians, that will give them something to balance against the supreme sacrifices of war.

The fighters and the working men and women of the Allied nations are not waging war on the basis of lies and deceptions and false promises. They have ideas about what they expect their world to be at the end of the war and how they want to improve it. Those ideas are largely private and unexpressed, but they are there. You might call them individual war aims. But they are private and personal only on the surface. Underneath they are so widespread and universally held that they point to fundamental change in the shape of the world, to more freedom and better material conditions for all.

That combination, that determination to gain new liberties and higher standards of living at the same time, is very American. If the fiery hope for freedom is the

(Continued on page 1102)

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Public Utility Securities

Recent Offering Of Idaho Power Common Stock

Idaho Power common stock was recently offered to the public by a syndicate headed by Blyth & Co., at 24⅝. The stock, which was formerly owned by Electric Power & Light (Electric Bond and Share system) was split five-for-one, after a capital contribution of 60,000 shares by EL, making the present outstanding amount 450,000 shares. A dividend rate of $1.60 is indicated, returning a yield of 6½%. It is proposed to make application to list the stock on the Stock Exchange.

This is the second important offering of a utility equity this year; Houston Lighting & Power, offered at 54 last May, advanced to a recent high of 63⅞ on the Big Board. Such offerings are apt to become more frequent as holding companies take advantage of present strength in the utility market to dispose of subsidiaries, in order to conform to the "death sentences" the SEC has entered against them—though it is hoped that Congress will order a moratorium on these proceedings until after the war.

Idaho Power was retailed at 11.8 times the stated earnings of $2.09 per share for the 12 months ended June 30, 1943 (exactly the same as for the calendar year 1942). However, in connection with a substantial write-off of plant account (reducing it to historical original cost) an amount of $1,905,410 is to be amortized by annual charges of $127,027 (28 cents per share) over a fifteen-year period. On this basis, earnings would be reduced to $1.81. However, allowing for possible tax savings and other factors, it is estimated that fully adjusted earnings would be in the neighborhood of $1.85 or more a share on which basis the price-earnings ratio is 13.3. This figure compares with a recent average of 14.3 for twelve leading operating company stocks. The average yield on these stocks was 5.78%. The buyer of Idaho was therefore getting a moderate discount on the average price-earnings ratio, and a substantially better-than-average yield.

However, it may seem curious that the stock of a little-known operating company, in a somewhat isolated territory such as Idaho, could be priced fairly close to the Big Board "leaders" in the utility group. Nearby Puget Sound's common (which is expected to lose its "when issued" status September 13th, the date when the plan becomes effective) sells at only five times earnings, and a comparatively seasoned stock like Indianapolis Power & Light sells at about eight times earnings. The reason doubtless lies in the favorable combination of factors to be found in the background of Idaho Power. While the State of Idaho is sparsely settled, being originally a desert area, it is a growing State due to the irrigation program sponsored by the Federal Government. The war has of course retarded this program, but substantial plans are prepared for extending the irrigated area as soon as men and materials are available in the post-war period. Meanwhile, of course, the predominantly agricultural area served by Idaho Power is benefiting by the present demand for farm products and many farmers are rapidly liquidating the government debts against their land, in advance of maturing installments.

The Power Company has a substantial amount of surplus power which is currently being sold to its neighbor Utah Power & Light at a very low rate. When the irrigated area is increased, this power can be sold to its own customers at much higher rates, which should substantially increase net earnings before taxes. It is estimated that gross revenues could be increased by 50% or more without requiring additional generating facilities. During the past ten years the company's revenues have increased in each year.

Even if anticipated growth should prove disappointing, earnings should enjoy a considerable measure of stability because of the company's natural advantages. Practically all electricity is from the company's numerous hydro plants on the Snake River, which draws its water from heavy snow caps in the mountains. So far as past records indicate, there is no danger of drought; and on the other hand, due to the scarcity of rainfall, there is little likelihood of floods. Since the same water which supplies power also feeds the irrigation ditches, the power company and its customers are well synchronized by nature.

Idaho Power, which serves nearly half of the state's population without direct competition, enjoys excellent goodwill and

(Continued on page 1102)

SOUTHWESTERN
PUBLIC SERVICE, COMMON

Bought — Sold — Quoted

PAINE, WEBBER, JACKSON & CURTIS
ESTABLISHED 1879

To Keep Amer. Tradition Alive After War

(Continued from page 1101)

heart of the dream, the material gains are its outward symbol. Today that American dream is burning all over Europe and Asia. It burns brightly in the lands successfully closing in toward victory. It burns sullenly and obstinately in the hearts of the conquered who await a new day. It has now been kindled anew in Italy. With the end of the war, it will shape itself into a drive of such force that it can be ignored by none.

On the material plane, we see first of all irresistible pressure for a universal rise in living standards. There will be a demand for material necessities and luxuries of life even from the most backward economies. To meet that demand new industrial areas will appear and old ones will grow larger. What happened in America 60 and 70 years ago will begin to happen in other nations throughout the world.

That new industrialization need not be a threat to us. The increased productivity of one nation can profit all its sisters. A higher standard of living in Europe and Asia and Latin America will mean enormously increased markets for our goods.

Nothing could be more fallacious than the ancient theory that backward peoples can be exploited as outlets for industrially produced goods. Even if backward peoples want such goods, they do not have the money to pay for them. Profitable trade can exist only between countries on a fairly equal footing economically.

We should not be disturbed if the other nations of the earth begin to grow more like our own. In fact, America can expect to profit from the economic gains other continents are sure to make in much the same way as our industrial East is bound to gain from our development of new productivity here in the West.

With more and more things in common with other nations we can come closer and closer toward a real and functioning community of nations. And we must not forget that any real community of nations can exist only among equals. Our own history proves that.

Some think our period of leadership in the world is ended. Some say we shall have to yield our position of trail blazer to some other more dynamic power. But I cannot agree. I believe that we will go on to realize a way of life better than has ever existed before. America is not decadent. It has never been so strong. Its truly great achievements lie ahead of it.

The future will be strange to us. Its problems will be new. They will be more difficult than any we have had. None of us knows what new thing we shall make together here in America during the years of trial and struggle ahead.

But of one thing I am sure. What we make will not be a denial of our past. America will reverence freedom as it always has. We shall not surrender or compromise our ideals of liberty and freedom for the individual. We shall not lose the basic civil liberties guaranteed at the birth of our country in the Bill of Rights and supplemented during the years of our growth by Congress and the courts. Those rights are the touchstone of what we must demand from the future. As long as our citizens are free to think, to write, to speak, to vote as they please, we can never be untrue to ourselves and our past—and we can never fear to compete with any nation for a position of moral leadership in the world.

Gwilym Price Is Westinghouse V.-P.

(Continued from first page)

of the Peoples-Pittsburgh Trust Co.

Mr. Price was President of the Peoples-Pittsburgh Trust Company since January, 1940, following three years as its Vice-President in charge of trusts. He had been a trust officer since 1923, and was elected a Vice-President of the bank in 1930.

During Mr. Price's presidency, the bank's deposits have been enlarged by more than 60%, making it seventy-fifth among the nation's banks.

Born in Cannonsburg, Pa., in 1895, Mr. Price attended school in New Kensington and Carnegie, Pa., and was graduated from the University of Pittsburgh Law School. He is an overseas veteran of World War I, which he entered as a private, rising to a captaincy in a heavy tank battalion. Following the war, he resumed the practice of law, and in 1920 became an assistant trust officer of the Pittsburgh Trust Company. Another brief period of private legal practice was followed by his employment at Peoples-Pittsburgh.

Mr. Price is a Director of the First National Bank of Pittsburgh, the Blaw-Knox Company, the National Union Fire Insurance Company and the South Penn Oil Company. He is Vice-President of the Pennsylvania Bankers Association and Chairman of the Public Relations Council of the American Bankers Association.

He is presently serving as Allegheny County Chairman of the banking and investment division of the Pennsylvania War Finance Committee, and as Treasurer of the War Advertising Fund. He is Treasurer and a Director of the Chamber of Commerce of Pittsburgh, Vice-President and Trustee of the Zoar Home, a trustee of the Pittsburgh Y. M. C. A., Elizabeth Steel Magee Hospital, Pennsylvania College for Women, and the British War Relief Fund. In 1942, he was President of the Community Fund in Pittsburgh.

J. R. Williston To Admit

J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, will admit Oswald Anderson to partnership in the firm on October 1st.

Public Utility Securities

(Continued from page 1101)

there seems little likelihood that any local government ownership project would gain headway. Costs of producing electricity are so low that there would seem no possible advantage to Bonneville or Grand Coulee in attempting to send electricity into this area on a competitive basis.

The company's regulatory relations appear sound and it has had no important rate controversy in the past fifteen years. Plant value has been fully adjusted to meet the requirements of two State commissions and the Federal Power Commission. With 29% in common stock equity, capitalization appears conservative.

Summarizing, there may be a potential rise in share earnings over future years due to anticipated increase in farm acreage, excess generating capacity to take care of new customers, and future refunding of bonds and preferred stock—which benefits will remain limited, however, so long as excess profits taxes continue in effect.

Chain Stores—A Typically American Institution

Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange, and other leading Exchanges, have issued the 1943 edition of their "Chain Store Survey," discussing the effect of the wartime economy on the chain stores, their progress and their profits; their wartime victories and defeats, and their prospects for the future. A detailed study of the situation, with charts, tables, and interesting data on 31 leading chains is contained in this attractive brochure, copies of which may be had from the firm upon request.

St. Louis, San Francisco RR. Situation Interesting

An interesting report on the reorganization plan for St. Louis-San Francisco RR. has been prepared by Raymond & Co., 148 State St., Boston, Mass. Copies of this report and a special letter discussing the outlook for rail reorganization bonds may be had from the firm upon request.

DIVIDEND NOTICE

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER.

A Second Interim Dividend on the Ordinary Stock for the year ending 30th September 1943 of tenpence for each £1 of Ordinary Stock, free of United Kingdom Income Tax, will be payable on 30th September 1943

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 192 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C., for examination five clear business days (excluding Saturday) before payment is made.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the Press, are notified that Coupon No. 192 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividend to which they are entitled is paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 30th September 1943

Coupon No. 80 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED 17th August, 1943.
BY ORDER,
D. M. OPPENHEIM, Secretary.
Rusham House, Egham, Surrey.

Kebbon, McCormick Co. Adds Edwin Stephan

CHICAGO, ILL.—Kebbon, McCormick & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, announce that Edwin A. Stephan has become associated with them in their Trading Department. Mr. Stephan has been identified with security trading on La Salle Street for more than 15 years. He was recently associated with Bond & Goodwin, Incorporated, of Illinois.

DIVIDEND NOTICE DIVIDEND NOTICE DIVIDEND NOTICE

AMERICAN LOCOMOTIVE COMPANY

30 Church Street Alco New York 8, N. Y.

PREFERRED DIVIDEND NO. 141

There has been declared for the quarter year ending September 30, 1943, a dividend of $1.75 per share upon the shares of this Company's Preferred Stock (authorized by the Certificate of Consolidation of American Locomotive Company, American Locomotive Sales Corporation and Transamerican Construction Company filed in the Office of the Secretary of State of the State of New York on September 3, 1943) issued and outstanding, payable on October 1, 1943 as to shares thereof held of record at the close of business on September 24, 1943 to the holders of record thereof at that time and payable as to all of said shares which shall not be held of record at the close of business on September 24, 1943 to those who shall first become the holders of record thereof on the date on which they shall become such holders of record, or on October 1, 1943, whichever shall be the later date.

Transfer books will not be closed. Checks will be mailed or delivered by the Bankers Trust Company in accordance with the foregoing.

September 7, 1943.

JOHN D. FINN, *Secretary*

DIVIDEND NOTICES

American Woolen COMPANY
INCORPORATED
225 FOURTH AVE., NEW YORK 3, N.Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable October 15, 1943 to stockholders of record September 30, 1943. Transfer books will not close. Checks will be mailed.

F. S. CONNETT, *Treasurer*

September 15, 1943.

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

September 14, 1943.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding, payable on and after October 1, 1943, to the stockholders of record on the corporation's books at the close of business September 20, 1943.

JOSEPH N. SEIFERT, Secretary.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable September 30, 1943, to stockholders of record at the close of business on September 13, 1943. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, September 2, 1943.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held September 9, 1943, declared a dividend for the third quarter of the year 1943 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable September 30, 1943, to stockholders of record at the close of business September 20, 1943.

Transfer books will not be closed.

C. S. DUNCAN, Treasurer

UNITED FRUIT COMPANY

DIVIDEND NO. 177

A dividend of fifty cents per share on the capital stock of this Company has been declared payable October 15, 1943 to stockholders of record at the close of business September 23, 1943.

LIONEL W. UDELL, *Treasurer.*

United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½c per share on the Preferred capital stock. They have also declared a dividend of 62½c per share on the Common capital stock. The dividends on both Preferred and Common stock are payable October 5, 1943, to stockholders of record at the close of business September 14, 1943.

WALLACE M. KEMP, *Treasurer*

REDEMPTION NOTICE

To the Holders of
Witherbee Sherman Corporation
First Mortgage 6% Income Bonds
Maturing May 1, 1963

The Board of Directors of Witherbee Sherman Corporation has appropriated the sum of $110,000.00 from its General Funds for the purchase, for retirement, of bonds of the above issue at a flat price of 110%. No additional payment will be made on account of accumulated or accrued interest.

Offerings of bonds must be in the hands of the undersigned not later than 10 A.M., Eastern War Time, on September 28, 1943.

A letter setting forth the terms and conditions under which offerings are to be received, together with a form letter to be used in making offerings, were mailed to all known holders of bonds on September 7, 1943. If you are interested in offering all or any part of your bonds and have not received said letters, kindly communicate with the undersigned promptly and copies will be forwarded to you.

GEORGE A. BARCLAY, *Treasurer*

Witherbee Sherman Corporation
14 Wall Street, New York 5, N. Y.

Dated, September 10, 1943.

"Our Reporter On Governments"

By S. F. PORTER

It's a strange thing that even as the cash is rolling in and the billions are beginning to mount toward the $15,000,000,000 goal, financiers and dealers in bonds are arguing about the ultimate success of this drive. . . . "Debated everywhere was the effect of the Italian surrender on the war loan drive" was the lead of a financial column in a New York newspaper the day after Italy quit. . . . And the story went on to say that Wall Street was divided into two groups on the point of increased or decreased subscriptions on this good news. . . . That's poppy-cock! . . . There isn't any question about this $15,000,000,000 being raised because it just has to be raised. . . . And this Treasury is not so stupid—in fact, just the opposite—as to permit the black mark of failure on its record in the greatest war loan campaign in world history! . . . If individuals fail to come through on as large a scale as is essential, then corporations will make up the difference and institutions will be "pressured" into rounding out the figure. . . . And if signs appear of lagging subscriptions, steps will be taken within a few days to make sure there's a backlog of buying to take up the slack. . . . This is common sense stuff—not talk out of the air. . . . And to this observer, the question is not whether the $15,000,000,000 can be obtained but whether a billion or two oversubscription can be secured to cut down the subsequent bank campaign. . . . To answer that question in a hurry, the belief is the oversubscription will be obtained.

Best guesses are that at least one-third of the goal will be in the till by the end of this week. . . . And it's believed that much more actually will be in sight but won't be reported as it comes in, for the Treasury won't want to let people think they can sit back and hold out their few dollars.

And, meanwhile, the Government mart is at a standstill. . . . Prices holding firm—in fact holding so well that it's surprising. . . . Banks in there buying as their reserve positions are eased. . . . Dealers trading as usual but devoting most attention to the war loan drive. . . . And the little stories that mean dollars-and-cents to the men alert to opportunity are there as always. . . .

For instance. . . .

THE TAX-EXEMPTS

In a few more weeks, the market will lose $1,401,000,000 tax-exempts—the called 3¼s of 10/15/45/43 and one of the best trading issues of the early '30s. . . . Next April, the market will lose another $1,519,000,000 of tax-exempts at one clip—the 3¼s of 4/15/46/44 and also one of the favored trading issues of the early '30s. . . . In the meantime, the September 15 issue of $279,000,000 tax-exempt 1% notes is out. . . . And in December, the $421,000,000 of tax-exempt 1⅛% notes will be out. . . . And next March, $515,000,000 of exempt 1s will be off the lists. . . . And by the middle of 1945, there won't be a single direct or guaranteed short-term issue carrying the tax-exempt privilege on the market. . . . Only the bond calendar will contain them. . . . And all you need do is check down a list of outstanding bonds to find out the relatively minor totals of those. . . .

Figure it out for yourself. . . . All this scarcity we've been talking about for years is now becoming a real and inescapable fact. . . . Who do you think hold these called exempts? . . . Institutions, mostly. . . . Banks and corporations with definite reasons for wanting to switch out of their current tax-exempt holdings into other exempt securities. . . . Investors who will make every effort to maintain their privileged position even if it means paying up every time they make a switch. . . .

Of course, the shrewd trader might decide the wisest course is to get into the longest-term exempts right now and settle the matter once and for all. . . . The constant rolling-over of maturities and paying up to obtain longer exempts would not be necessary. . . . Easier on the nerves and probably a lot easier on the pocketbook. . . .

We're not discussing the major trend of interest rates after the war or any other issues of similar significance. . . . We're talking now just about the scarcity-plus-popularity angles in a still strong and well supported market. . . . You carry on from there. . . . And, incidentally, the key exempt issue—the 2¾s of 1965/60—has gone back to above 112.14. . . . That bottom of 112 was maintained. . . . Good investors in the issue once more. . . . And when the impact of the calling of the 3¼s is felt, it well may be that the longer-term exempts will stage a little rally on their own. . . .

And, for instance—(to get to another "money-making" report). . . .

THE 2% BONDS

The way the 2s continue strong and in demand is one of the most significant features of today's market. . . . Here we are, in the middle of a campaign permitting any one and every one to buy all the 2s of 1953/51 they want at par. . . . In fact, a campaign in which

(Continued on page 1108)

New England Fund
Prospectus on request

GENERAL INVESTORS TRUST
Prospectus on request

DISTRIBUTORS:
A. W. SMITH & CO., Inc.
111 DEVONSHIRE STREET
BOSTON, MASS.

Municipal News & Notes

Halsey, Stuart & Co., Inc. are informing holders of State of Arkansas Highway Refunding Bonds that interest coupons due October 1, 1943 and subsequently may be presented for payment at their Chicago and New York offices. Of the $136,330,557.29 of such bonds originally issued, Halsey, Stuart & Co., Inc., has underwritten $73,306,557.29 of the bonds.

Debt Creation By State Of Missouri Discussed

The forthcoming State Constitutional Convention in Missouri has prompted the Governmental Research Institute of St. Louis to prepare an extremely interesting memorandum pertaining to the creation of debt by the State of Missouri. It is pointed out that while it the obvious intent of the delegates who drafted the existing State constitution in 1875 to provide controls against the creation of large state debts, "in practice these provisions have proved ineffective" and the intended restraints on State borrowings "have been successfully avoided a number of times in the past."

The constitutional prohibitions "to curb the unrestricted power to create debt," required that except in certain instances, the General Assembly could not incur indebtedness without first obtaining approval of two-thirds of the votes cast at an election called for that purpose. This requirement, however, has generally been by-passed "through the expedient of submitting proposed bond issues to the voters in the form of constitutional amendments, which require only a simple majority vote."

Illustrating the extent to which this practice has been employed, the Research Institute points out that of the grand total of $169,100,000 of State bonds that have been authorized by popular vote since 1875, only $3,500,000 were submitted under the constitutional provision requiring a two-thirds majority vote. The balance of $165,600,000 was approved in the form of constitutional amendments requiring a simple majority for passage and only $15,000,000 of these bonds received as much as a two-thirds majority vote. In explaining the circumstances which brought about this situation, the Research Institute said:

It seems not to have occurred to the framers (of the Constitution) that the two-thirds requirements could be avoided through the expedient of submitting proposed bond issues to the voters in the form of constitutional amendments, which require only a simple majority vote. This can probably be explained by the fact that the two-thirds requirement for bond issues was adopted by the Constitutional Convention on June 29, 1875, while the report of the Committee on the Future Manner of Amending the Constitution was not submitted until July 16. When the latter came before the convention for action, the members clearly overlooked the fact that it could be used to circumvent the two-thirds requirement. With the prohibitions in the Constitution against aid for railroads and other private purposes, the framers probably believed that any large debt incurred by the State would be for an "unforeseen emergency" or a "casual deficiency in the revenue." Logically, any other interpretation leads to the untenable conclusion that the framers intended it to be easier to authorize a debt for normal purposes than a debt for an unforeseen emergency.

The use of the Constitutional amendment method to authorize State debt, the Research Institute declares, "has had the effect of writing into the Constitution, permanently, through these amendments, data relating to specific bond issues of only current importance and not of fundamental significance." It then makes the following additional observations:

"If it is believed that State bonds should be authorized by a simple majority vote, then such a referendum procedure should

(Continued on page 1107)

AFFILIATED Fund, Inc.

Prospectus on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

WHAT THEY'RE SAYING—

About The Third War Loan Campaign

"The battlefields are white with the bones of those who on the very eve of victory stopped to rest and in the resting died."—Ancient Quotation reprinted in Keystone Corp.'s *Keynotes*.

From Lord, Abbett's *Abstracts*—"The Third War Loan campaign differs from all previous bond drives in either the two World Wars in our generation. It is a daring innovation and a forthright challenge to the American public.

"In every previous drive it has been possible to shrug off the whole thing by saying: 'If we don't buy them, the banks will, so there is no need to be concerned about it.' But this time it is different, because the banks are being left out of the picture, and if the drive is to be a success, the *entire* $15,000,000,000 must come from individuals or institutions representing them."

From MIT's *Brevits*—"It is, of course, difficult to visualize the immensity of the present war loan campaigns, but by way of comparison, it is interesting to note that prior to the first World War, the largest increase in the American public debt in any one year amounted to $941,902,000 in 1835 and that the largest loan ever floated by our Government in a single operation was for $200,000,000 in the Spanish war period of 1898.

"During the first World War, the Government raised a total of $21,432,918,450 in five separate war loan drives, the largest of which was an issue of $6,964,576,000 Fourth Liberty Loan 4¼% bonds offered in October, 1918. At that time the report of the Treasury Department stated: '*The oversubscription of this largest of all loans was the greatest financial achievement in all history and a wonderful manifestation of the strength and purpose of the American people.*'

"If we exclude the 'Victory Loan' issue which was offered in April of 1919, some five months after the Armistice was signed and which was used in part to assist in the financing of American exports, the present war-loan campaign for $15,000,000,000 is within some $1,937,000,000 of the *entire* amount of money raised by the Federal Government in the war loan drives of the first World War period."

About the Investment Outlook

From the *Investment Report* of the Research Department of Distributors Group—"An announcement by the Treasury Department of a modification of its former tentative proposals for post-war international currency stabilization indicated that gold would play its traditionally basic role. This did much to clear away the chief uncertainty that up to now has clouded the outlook for gold stocks. In other respects these stocks appear most fortunately situated, particularly for any temporary post-war readjustment period. In consequence an important proportion of the investments of Mining Shares has been placed in the stocks of leading Canadian and American gold mining companies. Even greater concentration in such stocks than that shown by this report is being considered.

"Undervaluation continues to be most extreme in the heavy industries, notably steel and railroad equipment, and in the interest-paying railroad bonds which still sell at substantial discounts."

Railroad Equipment Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

From the eleventh and concluding article in National Securities & Research Corp.'s series on Post-War Backlogs and Business—"Conclusions:

"(1) The readjustment period at the end of the war may, if the ending is abrupt, be as short as six months, but intense; or if considerable time elapses between the end in Europe and in Asia, it might last for a year or two, but be relatively mild.

"(2) The post-war period should be one of prosperity—though just what the levels of business will be or how long prosperity will last cannot be closely anticipated. The backlog industries should be outstanding beneficiaries of the prosperity.

"(3) Earnings should satisfactorily reflect the post-war prosperity, and the period should be a favorable one for investors. The fact that (though speculative opportunities have been plentiful) the securities markets of the last 18 months have shown a predominance of the income motive may point the way to post-war conditions in this respect.

"(4) What the levels of security prices may be when the war ends cannot now be foreseen; but at present the stocks of most of the backlog industries do not appear to be at levels which would dis-

(Continued on page 1105)

INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1087)

incentive. In the interim bullish forecasts increased.

* * *

Learned articles claiming that more and more industries were geared to turn from sword beating into plowshare manufacturing, practically overnight, began appearing. The assumption being that fears of post-war problems were over emphasized and that stocks were a buy here and now. One market pundit gave as his considered opinion that rails, particularly a major eastern road, were cheap at present prices and that an advance to something called "value" was a logical expectation.

* * *

What stock or stocks, or groups will take the lead in the next upward stage of the market cycle, is still a mystery to me. But if "logic" is the yardstick applied then I would never consider the railroads as likely candidates.

In the next few days the I.C.C. will issue its figures on the railroad industry for 1942. In this report you will see some interesting comparisons that may give you a clue as to the recent increase in railroad accidents. For 1942 American railroads had about 45,000 locomotives, 39,000 passenger cars and about 1,750,000 freight cars in operation. If you will study these figures and compare them with rolling stock in use say ten years or even twenty years ago you will see that instead of increasing, it has declined steadily.

* * *

It is very easy to say that this shows good management. But this opinion will evaporate very quickly if you have to use the railroads these days. For 1942 the rails were called upon to carry 100% more passengers than in 1941. Freight movements are at least 50% above 1941, and for the first half of 1943 were probably still greater. To facilitate all this increased traffic brought about by a major war the railroads have actually less rolling stock today than they had even 20 years ago. It may make for bigger earnings but it will certainly also make for bigger expenses.

No, in my opinion the rails don't stand up as buys.

Of the industrials there are a number which I favor, but not with the market acting the way it does.

* * *

As this is being typed the news reports are coming in that our forces attacking German troops at Salerno are meeting with stiff opposition. The Berlin radio claims our forces are evacuating. The British say we are doing nothing of the sort; we are increasing our beachheads. Meanwhile the market, which tries to answer all questions affecting its welfare, is doing nothing. A "do-nothing" action in itself would not be pessimistic if it were not in the middle of developments nobody knows the answer to.

* * *

Therefore such action at this point cannot be considered as pointing to higher prices. On the contrary, it points to lower prices. So until the market by its own behavior shows in what direction it wants to go I suggest that all buying be postponed until either more definite clues appear or until the indicated reaction materializes.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Delay Curb Hearing

The hearing scheduled for September 16th on the application of the New York Curb Exchange to extend unlisted trading privileges to the securities of six companies has been postponed by the Securities and Exchange Commission to November 15th. The postponement was requested by the counsel for all parties.

The stocks involved are: Lukens Steel Co., $10 par common; Farnsworth Television & Radio Corp., No. 1 par common; Merck & Co., Inc., $1 par common; Northern Natural Gas Co., $20 par common; Public Service Co. of Indiana, Inc., common stock without par value, and Warner & Swasey Co., common stock without par value.

H. W. Stimpson Dies

Harold W. Stimpson, formerly a partner in the New York Stock Exchange firm of Sartorius & Smith, died at his home of a heart attack at the age of 63.

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Hull Favors Organized Internat'l Co-operation To Keep Peace—By Force, If Necessary

(Continued from page 1086)

retary Hull pointed out that "the success of an organized system of international cooperation with the maintenance of peace as its paramount objective depends, to an important degree, upon what happens within as well as among nations." He added:

"We know that economic stagnation and distress, cultural backwardness and social unrest within nations, wherever they exist, may undermine all efforts for stable peace.

"The primary responsibility for dealing with these conditions rests on each and every nation concerned. But each nation will be greatly helped in this task by the establishment of sound trade and other economic relations with other nations, based on a comprehensive system of mutually beneficial international cooperation, not alone in these respects, but also in furthering educational advancement and in improving observance of basic human rights."

In asserting that "organized international cooperation can be successful only to the extent to which the nations of the world are willing to accept certain fundamental propositions," he stated that "first each nation should maintain a stable government," and "should be free to decide for itself the forms and details of its governmental organization"; "second, each nation should conduct its economic affairs in such a way as to promote the most effective utilization of its human and material resources and the greatest practicable measures of economic welfare and social security for all of its citizens," and third, each nation "should be willing to submit differences arising between it and other nations to processes of peaceful settlement, and should be prepared to carry out other obligations that may devolve upon it in an effective system of organized peace."

As to certain issues of the country's foreign relations, Secretary Hull stated that these must be seen "in their full perspective" since the foreign policy is expressive of the fundamental national interests. The paramount aim, he added, now is final victory and beyond that "the assuring of our national security and the fostering of the economic and social well-being of our people."

Mr. Hull touched on several examples of the close coordination of military, economic and diplomatic action existing between the United Nations, stressing that it is this country's desire and settled policy that collaboration and cooperation with the Soviet Union "shall steadily increase during and following the war."

Following is the text of Secretary Hull's speech, according to the Associated Press:

I.

In July of last year, in an address over these networks, I outlined, as definitely as was possible at that time, the chief problems and conditions confronting us in the field of foreign relations and sought to indicate some of the policies necessary for meeting these problems. I pointed out that in the present conflict each of the United Nations is fighting for the preservation of its freedom, its homes, its very existence; and that only through united effort to defeat our enemies can freedom or the opportunity for freedom be preserved—for all countries and all peoples. I spoke of the need to chart for the future a course based on enduring spiritual values which would bring our nation and all nations greater hope for enduring peace and greater measure of human welfare. To this end I urged intensive study, hard thinking, broad vision, and leadership by all those, within each nation, who provide spiritual, moral and intellectual guidance.

At that time the military picture was still dark. The United Nations were still fighting a desperate war of defense against better prepared foes. We had suffered a succession of grim defeats.

Since then the military picture has greatly changed.

We are now winning heartening victories, in the air, at sea, and on land. Our counter-blows are steadily increasing in power and effectiveness. They are stepping stones to our final triumph over the forces of conquest and savagery.

Attainment of complete victory, although now certain, is still a formidable task. Our lesser enemies are fast losing heart and strength. Italy has already surrendered. But our principal enemies, Germany and Japan, though shaken, still possess great resources and enormous strength. They still control vast portions of Europe and of Asia. To defeat them completely the United Nations need to make, on the battle front and at home, efforts even greater than those thus far made.

In making these more intensified efforts, it is more important than ever for all concerned to have a clear understanding of what is at stake, now and in the future.

During recent months public discussion and debate on a high plane have revealed the profound concern of our people with the issues of the country's foreign relations. These issues need to be seen in their full perspective. Unless our people so see them and unless our people are willing to translate their understanding of them into action, the well-being of the nation—and even its very life—may be gravely menaced.

The foreign policy of any country must be expressive of that country's fundamental national interests. No country can keep faith with itself unless that is so.

In determining our foreign policy we must first see clearly what our true national interests are. We must also bear in mind that other countries, with which we deal in the conduct of foreign relations, have their national interests, which, of course, determine their policies.

Obviously there are, even between friendly nations, differences as regards their respective aims and purposes and as regards the means of attaining them. But there are also immense areas of common interest. By co-operating within those areas the nations not only can advance more effectively the aims and purposes which they have in common, but can also find increased opportunity to reconcile, by peaceful means and to mutual advantage, such differences as may exist among them.

II

At the present time the paramount aim of our foreign policy, and the paramount aim of the foreign policy of each of the other United Nations, is to defeat our enemies as quickly as possible. Here we have a vast area of common interest and a broad basis of co-operative action in the service of that interest.

Every weapon of our military and economic activity and every instrumentality of our diplomacy have been and are directed toward the strengthening of the combined war effort. All these necessarily go together.

The land, air and sea forces of the United States are fighting, with surpassing skill and heroism, in the Mediterranean, over the Nazi-held fortress of Europe, in the far reaches of the Pacific and of Asia. In each of the theatres of war, they are operating shoulder to shoulder, in a spirit of superb comradeship, with the gallant forces of one or more of our allies.

The resolute will and devoted effort of our people have brought about the greatest miracle of production and delivery in all history. Our war supplies are flowing outward in a constant and ever-increasing stream, not alone to those areas in which our own forces are engaged, but to every point on the globe at which the armed forces of the United Nations are fighting.

We are in continuous consultation with our allies on various phases of military, economic and political activity—as required by the exigencies of a constantly changing situation.

Our co-operation with our allies has long since reached the state where contingents of the forces of various allies are serving, side by side, under unified command. We have developed this type of co-operation with invincible Britain, with intrepid and resolute Canada, Australia, New Zealand and South Africa, with valiant and determined China, and with the forces of other allies. It is being rapidly extended as the military operations progress.

To the Soviet Union, whose heroic armies and civilian population have earned everlasting renown through their magnificent feats of courage and sacrifice, we have been glad to render all possible aid. It is our desire and our settled policy that collaboration and co-operation between our two countries shall steadily increase during and following the war.

With the re-emerging military power of France we have been and are developing a heartening degree of co-ordinated effort. We look forward to the day when reborn France will again take her rightful place in the family of free nations.

With governments which the Axis powers have driven from their invaded and brutally oppressed but unconquerable countries we have the most friendly relations. These relations reflect our profound and active sympathy for the suffering of their peoples and our determination that the victory of the United Nations shall restore their nations to freedom.

With all but one of the nations of the Western Hemisphere we have today the closest ties of solidarity and association—the fruit of ten years of unremitting labor on the part of all of these nations to build in this hemisphere a fraternity of good neighbors. Each of our American associates is making a magnificent contribution to the war effort. Here we have, in peace and in war a highly successful example of co-operation between sovereign nations.

The victories of the United Nations have been the direct result, not of separate and uncoordinated military, economic and diplomatic action, but of close co-ordination of all three types of action, both within each of the nations and among all of them. It is well to recall some outstanding examples.

Our protracted diplomatic effort to achieve a fair and peaceful solution of difficulties in the Far East afforded our military authorities and those of other countries now in the ranks of the United Nations many months of precious time for strengthening defenses against the combined Axis threats in the Atlantic and in the Pacific, in case Japan should reject a peaceful settlement, as she eventually did.

The drawing together of the American republics to assure their common defense made it possible to establish a line of communications through the Caribbean, Brazil and the South Atlantic. That line proved to be of

(Continued on page 1106)

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Time To Weigh Post-War Economic Events

Whether the stock market is a good barometer of coming economic events is disputable, but since the market is considered by many to reflect the aggregate of the Nation's hopes and anxieties in material affairs, it sometimes is good policy to stop and observe what the market seems to be saying, R. W. Pressprich & Co. declares in an interesting bulletin discussing the effects of the war and possible future trends. Copies of this bulletin analyzing the situation in some detail and summarizing the outlook may be had upon request from R. W. Pressprich & Co., 68 William Street, New York City, members of the New York Stock Exchange.

Investment Trusts

(Continued from page 1103)

count the favorable results logically to be expected in the post-war era."

From George Putnam Fund's *Portfolio Review*—"Cash holdings of the Fund were reduced last month from 10.2% to a total of 7.9%. As shown in the list of portfolio changes on the back page of this folder, most of the new purchases consisted of common stocks. Included in this list of recent additions are several of the heavy industry stocks such as U. S. Steel and Atchison. We are inclined towards the view that we can get more for our money today by owning some of these currently unpopular issues than we can by buying some of the more popular and higher priced 'peace' stocks.

"This feeling is based upon the belief that on a *Peace time* basis—assuming a satisfactory rate of industrial activity—stocks like Anaconda and U. S. Steel are selling out of line relative to issues such as duPont, General Motors and other well known peace issues. A recent study showed that in order to reach the average high price registered in the five-year period from 1935 through 1939, Kennecott would have to advance 68% in price from current levels, Pullman 67%, U. S. Steel 59%; whereas United Fruit would have to go up only 18% from present prices, General Motors 23%, duPont 18% and General Foods 7%. The past is far from being a faithful guide to the future but these figures are at least worthy of thought."

About Developments in the Field

From Hugh W. Long & Co.'s *New York Letter* — "The investment dealer in the post-war period will have great opportunities, but they will bring with them great responsibilities, and new obligations.

"To the new army of investors the dealer will owe an even greater than usual scrutiny of his offerings. To retain his enviable place in the community he will use more than ordinary caution in making recommendations.

"As to his own problem, the dealer will find it one of securing satisfactory merchandise. Basically, the requirements of sound investing will have seen no change. They will still be security, income, marketability and suitable maturity. Many false prophets will appear, offering too much to dealer and investor alike, but the experienced distributor will readily recognize these financial Lorelei and conduct himself accordingly. He will welcome the opportunities of the new regime, and willingly accept the greater obligations they entail."

From Lord, Abbett's *Abstracts* —"With many years of seasoning and experience in back of them, the leading open-end funds of this country continue to turn in impressive performance records—a fact which is bound to have an increasing cumulative effect upon the financial community and the public at large over a period of time.

"The Dow-Jones Industrial Average on Aug. 31, 1943 was within 4¢ of its level at March 31, 1943. During that period of five months when this recognized market barometer had no net movement, a tabulation of the performance of 40 well-known open-end funds showed that 35 of them were higher on August 31 than on March 31. The median gain was 4.7%. The most extreme gain was 15.7%. Six of the funds rose enough in this short period when the market was a stand-off to make up the initial load. Viewed from the point of view of the standard one-half of 1% management fee, the median gain of 4.7% was equal to the management fee for nine years."

From Calvin Bullock's *Bulletin* commenting on the eleventh anniversary of Dividend Shares—"One of the most constructive developments of the past decade from the point of view of the holder of shares in investment companies is the special recognition which the Government has given to companies of this type. Special treatment has been accorded these companies in recent Revenue Acts. Under the terms of the Investment Company Act of 1940 investment companies are subject to Federal regulation in certain broad respects. Investors who buy investment company shares today do so with the knowledge that they have the safeguards of such government regulation.

"In form and policies, these companies proved themselves in the hard crucible of the 1930's. They are proving themselves today. Alert and watchful management is constantly weighing the values of possible purchases—of possible eliminations to be made to protect shareholders."

Congress Resumes Following Recess

Following a recess of ten weeks Congress reconvened on Sept. 14; 53 Senators answered the roll call, while about 150 Representatives were on the House floor. It was noted in Associated Press accounts that they gave a standing welcome to Representative Lawrence B. Lewis, Democrat, of Colorado, who was sworn into office after a long illness. It was also stated that a brief service of eulogy for the late Representative Francis D. Culkin, Republican, of New York, opened the session of the House. Speeches in tribute to his memory were made by Representatives John E. Rankin, Democrat, of Mississippi; Joseph W. Martin Jr., Republican, of Massachusetts, House minority leader; John W. McCormack, Democrat, of Massachusetts, majority leader, and Daniel P. Reed, Republican, of New York.

Noting that international and domestic problems of historic import confront the returned Congressmen, the Associated Press said in part:

"Immediate Congressional attention was focused upon the direct problems of war and their impact on the domestic economy—problems of raising revenue, of rationing, of mustering manpower for production and for the military forces. . . .

"Pending before the House is a simply-worded resolution, sponsored by Rep. Fulbright (D. Ark.), which would put the House and Senate on record in favor of world cooperation to preserve peace. Leaders are reported to have agreed to make it the first order of business.

"The move to draft fathers after October 1 vies with this for primary interest. With less than three weeks in which to act, plans have been made for a swift test on Senator Wheeler's (D. Mont.) bill to ban induction of fathers at least until January 1 and thus give Congress time to inquire into the whole manpower problem.

"Meanwhile, the House Ways and Means Committee has begun the spade work on a new tax bill.

"Here are some of the other major issues on the Congressional calendar:

1. Benefits for the returning veterans.
2. Prevention of post-war unemployment.
3. Limitation on the size of the Army.
4. National service legislation.
5. Compulsory military training after the war.
6. Extension of the Commodity Credit Corporation and its use of subsidies to hold down consumer prices.
7. Economies in Government.
8. Repeal of the renegotiation law authorizing the Government to recapture "excessive" profits on war contracts.
9. Reconversion allowances for industrial war plants."

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

Examination of the semi-annual figures filed by stock fire-insurance companies for the first six months of 1943, reveals operating results, in view of increased Federal taxes, to be better than many expected.

Alfred M. Best Company states that an analysis of 78 companies, which collectively write about 40% of the total fire and marine business, shows a drop of nearly 8% in premium volume for the first six months of 1943 compared with the first half of 1942. Fire premiums show an increase, but this increase was more than offset by the decline in ocean marine and automobile lines. With the decline in marine premiums there has occurred a very sharp drop in over-all loss experience, despite a rise in the fire loss ratio resulting from an increase of 11.7% in total fire losses.

In the tabulations which follow figures of 17 companies, whose stocks are rather actively traded, are shown. Table I compares Net Premiums Written during the first six months of 1942 and 1953, also Unearned Premium Reserves and Surplus as of June 30, 1943 compared with June 30, 1942.

It will be noted that only four companies in the group, viz. American Alliance, Continental, Firemen's and New Hampshire, wrote more business in the 1943 period than in the 1942 period, and their gain is only fractional. The 17 companies as a whole wrote $7.608,000 less business, a drop of 6.7%.

Unearned Premium Reserves, on the other hand are higher for the group by approximately $3,000,000 or 1.7%. Five companies, however, show a slight decline, as follows: Agricultural, Bankers & Shippers, Hanover, Jersey and Pacific. Total reported surplus for the 17 companies as of June 30, 1943 is $115.815,000 above that of June 30, 1942, an expansion of 52.1%. Two factors account for this substantial increase, viz: the higher market values of securities held in the companies' portfolios and the large volume of undistributed earnings in 1942 which were credited to surplus. The combination of higher unearned premium reserves and increased surplus indicates that the collective liquidation values of the group as of June 30, 1943 were approximately 40% above their June 30, 1942 values.

Table II shows statutory underwriting profits and net investment income of each company for the first half of 1943 compared with the first half of 1942. It will be noted that all companies but Camden and Pacific showed underwriting losses in the 1942 period, while this year all companies except American Alliance, Great American, National Union, New Hampshire and Security, report statutory underwriting profits. With regard to net investment income, there is little change indicated, though most of the companies report it fractionally below last year's first half.

Table II also shows loss and expense ratios for the two periods. The high loss ratios reported for the first six months of 1942 reflect the severe marine losses from enemy action for which the companies were liable prior to such risks being assumed by the Government. The average loss ratio of the 17 companies for the 1942 period was 64.9% and for

TABLE I

	Net Prems. Written (First Six Months)		Unearned Premium Reserves		Surplus	
	1942	1943	6-30-42	6-30-43	6-30-42	6-30-43
	($000)		($000)		($000)	
Agricultural	$4,504	$3,751	$7,109	$6,895	$2,510	$4,918
Am. Alliance	1,278	1,363	2,433	2,568	2,348	3,947
Bankers & Shippers	1,903	1,702	3,620	3,289	1,282	2,484
Camden	3,461	3,334	6,329	6,363	3,640	5,036
Continental	13,943	14,019	24,216	24,273	56,195	80,866
Fidelity-Phenix	11,394	11,242	18,190	18,597	43,273	65,478
Firemen's	9,285	9,339	16,247	17,310	4,113	10,089
Great American	9,939	9,784	16,940	17,390	18,427	27,802
Hanover	4,760	4,376	6,973	6,788	3,263	7,051
Ins. Co. of No. Amer.	24,302	19,860	27,905	28,215	49,083	78,872
Jersey	1,149	1,057	2,265	2,109	687	1,387
National Union	5,670	5,479	9,982	10,153	5,674	7,077
New Hampshire	2,744	2,768	5,674	5,798	8,025	9,305
Pacific	2,090	1,907	4,147	3,796	2,127	3,512
Prov. Washington	4,788	4,351	5,728	5,954	4,555	6,969
Security	3,598	3,228	5,398	5,782	4,006	6,992
Springfield F. & M.	8,855	8,495	15,579	16,450	13,220	16,458
Total	$113,663	$106,055	$178,735	$181,730	$222,428	$338,243

(Continued on page 1107)

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Hull Favors Organized Internat'l Co-operation To Keep Peace—By Force, If Necessary

(Continued from page 1104)

invaluable importance alike in transporting equipment to the British forces at El Alamein; in supplying our own expedition to North Africa; and, at a desperate hour, in putting our war planes into the air over the Pacific islands and in China.

Diplomatic foresight and patient and vigorous activity by the agencies of our foreign policy played an indispensable part in preparing the way by which the huge strategic North African area was brought without heavy losses into the sphere of the United Nations, and the French fleet was kept out of German hands. Had Vichy felt it feasible to ignore our diplomatic pressure directed toward preventing the surrender of the North and West African areas to the Nazis and the delivery of the French fleet to Hitler, as Laval had planned, or had Spain entered the war on the side of the Axis, as Hitler had hoped, control of the Mediterranean would have early fallen into the hands of our enemies. Instead, the Allied forces converged, with a skill and precision unequaled in military annals, upon this gateway through which we are now invading the European continent.

The Mediterranean operations weakened the German air force available on the Soviet front; just as the Russian resistance, by holding the German armies on the eastern battle line, prevented Hitler from parrying our thrusts toward his southern flank. Meanwhile, our constant military pressure against Japan had its inevitable effect in deterring Japan from aggression against the Soviet Union.

Our diplomatic agreements with fearless Danish officials on free soil and with the government of Iceland made it possible to guard the great North Atlantic passage as a precious route for our supplies and troops and as defense against attack from the north.

The perseverance of China, the first victim of the movement of aggression, in resistance to Japan has been aided in no small measure by the faith of her leaders in us, based on their knowledge of our history and policy and on their observation, as time went on, of our efforts to achieve a fair and peaceful settlement in the Far East, our economic support, and, more recently, our military assistance. China's resistance has held enmeshed on her front substantial Japanese forces which might otherwise have been loosed against us and other of the United Nations in the Pacific; and China is playing an important part in the United Nations' program for the winning of the war and achievement of a stable peace.

The agencies of our foreign policy are at all times at work as instruments of national defense. Since the attack upon us, they have been intensively at work in assisting our armed forces to achieve the victories which are now fast increasing in numbers and significance.

III

Beyond final victory, our fundamental national interests are—as they always have been—the assuring of our national security and the fostering of the economic and social well-being of our people. To maintain these interests, our foreign policy must necessarily deal with current conditions and must plan for the future in the light of the concepts and beliefs which we, as a nation, accept for ourselves as the guiding lines of our international behavior.

Throughout our national history, our basic policy in dealing with foreign nations has rested upon certain beliefs which are widely and deeply rooted in the minds of our people. Outstanding among these are:

1. All peoples who, with a "decent respect to the opinions of mankind," have qualified themselves to assume and to discharge the responsibilities of liberty are entitled to its enjoyment.

2. Each sovereign nation, large or small, is in law and under law the equal of every other nation.

3. All nations, large and small, which respect the rights of others, are entitled to freedom from outside interference in their internal affairs.

4. Willingness to settle international disputes by peaceful means, acceptance of international law and observance of its principles are the bases of order among nations and of mankind's continuing search of enduring peace.

5. Non-discrimination in economic opportunity and treatment is essential to the maintenance and promotion of sound international relations.

6. Co-operation between nations in the spirit of good neighbors, founded on the principles of liberty, equality, justice, morality and law, is the most effective method of safeguarding and promoting the political, the economic, the social and the cultural well-being of our nation and of all nations.

These beliefs are among the most important tenets of our national faith. They are capable of universal application as rules of national and international conduct. In their application by other nations and in willingness and preparedness on the part of all peacefully inclined nations to join together to make them effective lies the greatest hope of security, happiness and progress for this country and for all countries.

Vigorous participation in efforts to establish a system of international relations based on these rules of conduct, and thus to create conditions in which war may be effectively banished, is and must be a fundamental feature of our foreign policy—second only to our present overriding preoccupation with the winning of complete military victory. Here, too, our nation and other peacefully inclined nations have a vast and crucial area of common interest.

In the Atlantic Charter and in the declaration by United Nations the nations now associated in this war for self-preservation have clearly expressed their recognition of the existence of this area of common interest. Our task and that of our associates is to utilize this common interest to create an effective system of international co-operation for the maintenance of peace.

As I read our history and the temper of our people today our nation intends to do its part, jointly with the other peace-seeking nations, in helping the war-torn world to heal its wounds. I am sure also that our nation and each of the nations associated today in the greatest co-operative enterprise in history—the winning of this war—intends to do its part, after the victory of the United Nations, in meeting the immense needs of the post-war period. Those needs will embrace the task of taking practical steps to create conditions in which there will be security for every nation; in which each nation will have enhanced opportunities to develop and progress in ways of its own choosing; in which there will be, for each nation, improved facilities to attain, by its own effort and in co-operation with others, an increasing measure of political stability and of economic, social and cultural welfare.

If our nation and like-minded nations fail in this task the way will be open for a new rise of international anarchy, for new and even more destructive wars, for an unprecedented material and spiritual impoverishment of mankind. Many times in the course of history nations have drifted into catastrophe through failure, until too late, to recognize the dangers which confronted them and to take the measures necessary to ward off those dangers. Post-war co-operation to maintain the peace is for each peace-seeking nation scarcely less essential for its self-preservation than is the present co-operative effort to win the war.

IV

If there is anything on which all right-thinking people are agreed, it is the proposition that the monstrous specter of a world war shall not again show its head. The people of this and other lands voice this demand insistently. There is danger in complacency and wishful thinking. The nations that stand for peace and security must now make up their minds and act together—or there will be neither peace nor security.

It is abundantly clear that a system of organized international co-operation for the maintenance of peace must be based upon the willingness of the co-operating nations to use force, if necessary, to keep the peace. There must be certainty that adequate and appropriate means are available and will be used for this purpose. Readiness to use force, if necessary, for the maintenance of peace is indispensable if effective substitutes for war are to be found.

Differences between nations which lead toward armed conflict may be those of a non-legal character, commonly referred to as political, and those capable of being resolved by applying rules of law, commonly referred to as justiciable. Another cause of armed conflict is aggression by nations whose only motive is conquest and self-aggrandizement. We must, therefore, provide for differences of a political character, for those of a legal nature and for cases where there is plain and unadulterated aggression.

Political differences which present a threat to the peace of the world should be submitted to agencies which would use the remedies of discussion, negotiation, conciliation and good offices.

Disputes of a legal character which present a threat to the peace of the world should be adjudicated by an international court of justice whose decisions would be based upon application of principles of law.

But to assure peace there must also be means for restraining aggressors and nations that seek to resort to force for the accomplishment of purposes of their own. The peacefully inclined nations must, in the interest of general peace and security, be willing to accept responsibility for this task in accordance with their respective capacities.

The success of an organized system of international co-operation with the maintenance of peace as its paramount objective depends, to an important degree, upon what happens within as well as among nations. We know that political controversies and economic strife among nations are fruitful causes of hostility and conflict. But we also know that economic stagnation and distress, cultural backwardness, and social unrest within nations, wherever they exist, undermine all efforts for stable peace.

The primary responsibility for dealing with these conditions rests on each and every nation concerned. But each nation will be greatly helped in this task by the establishment of sound trade and other economic relations with other nations, based on a comprehensive system of mutually beneficial international co-operation not alone in these respects, but also in furthering educational advancement and in promoting observance of basic human rights.

There rests upon the independent nations a responsibility in relation to dependent peoples who aspire to liberty. It should be the duty of nations having political ties with such peoples, of mandatories, of trustees, or of other agencies, as the case may be, to help the aspiring peoples to develop materially and educationally, to prepare themselves for the duties and responsibilities of self-government, and to attain liberty. An excellent example of what can be achieved is afforded in the record of our relationship with the Philippines.

Organized international co-operation can be successful only to the extent to which the nations of the world are willing to accept certain fundamental propositions.

First, each nation should maintain a stable government. Each nation should be free to decide for itself the forms and details of its governmental organization—so long as it conducts its affairs in such a way as not to menace the peace and security of other nations.

Second, each nation should conduct its economic affairs in such a way as to promote the most effective utilization of its human and material resources and the greatest practicable measure of economic welfare and social security for all of its citizens. Each nation should be free to decide for itself the forms of its internal economic and social organization—but it should conduct its affairs in such a way as to respect the rights of others and to play its necessary part in a system of sound international economic relations.

Third, each nation should be willing to submit differences arising between it and other nations to processes of peaceful settlement, and should be prepared to carry out other obligations that may devolve upon it in an effective system of organized peace.

All of this calls for the creation of a system of international relations based on rules of morality, law and justice as distinguished from the anarchy of unbridled and discordant nationalisms, economic and political. The outstanding characteristic of such a system is liberty under law for nations as well as individuals. Its method is peaceful co-operation.

The form and functions of the international agencies of the future, the extent to which the existing Court of International Justice may or may not need to be remodeled, the scope and character of the means for making international action effective in the maintenance of peace, the nature of international economic institutions and arrangements that may be desired and feasible—all these are among the problems which are receiving attention and which will need to be determined by agreement among governments, subject, of course, to approval by their respective peoples. They are being studied intensively by this government and by other governments. They are gradually being made subjects of consultation between and among governments. They are being studied and discussed by the people of this country and the peoples of other countries. In the final analysis, it is the will of the peoples of the world that decides the all-embracing issues of peace and of human welfare.

V

The outbreak of war made it clear that problems of crucial importance in the field of foreign relations would confront this country as well as other countries upon the termination of hostilities. It became the obvious duty of the Department of State to give special attention to the study of conditions and developments relating to such problems. As the war spread over the earth, the scope of these studies was extended and work upon them was steadily increased, in so far as was compatible with the fullest possible prosecution of the war.

By direction of the President and with his active interest in the work, the Department of State undertook, through special groups organized for the purpose, to examine the various matters affecting the conclusion of the war, the making of the peace and preparation for dealing with post-war problems. In doing this work we had collaboration of representatives of other interested agencies of the government and of many national leaders, without regard to their political affiliation, and the assistance of a specially constituted and highly qualified research staff. We have been aided greatly by public discussion of the problems involved on the part of responsible private individuals and groups, and by the numerous suggestions and expressions of opinion which we received from all parts of the country. In proceeding with this work we envisage the fullest co-operation between the executive and the legislative branches of the government.

We have now reached a stage at which it becomes possible to discuss in greater detail some of the basic problems outlined in this address and in my previous statements. I hope to be able to undertake this from time to time in the early future.

The supreme importance of these problems should lift them far above the realm of partisan considerations of party politics. It is gratifying that both in the Congress and elsewhere great numbers of thoughtful men have so approached them. A heavy responsibility rests upon all of us to consider these all-important post-war problems and to contribute to their solution in a wholly nonpartisan spirit.

Lowell Niebuhr Adds A. R. Sawers To Staff

CHICAGO, ILL.—Lowell Niebuhr & Co., Inc., 120 South La-Salle St., announce the association with them of Arthur R. Sawers.

Mr. Sawers, who originally started in the business a number of years ago with Ames, Emerich & Co., has also been in the mortgage and investment department of the Massachusetts Mutual Life Insurance Co.

He will specialize in making markets in industrial, utility, real estate and investment trust securities exclusively for dealers and banks along the lines followed by Lowell Niebuhr & Co., Inc., for many years.

Jos. W. Hirsch With Lehman Bros., Chicago

CHICAGO, ILL.—Lehman Brothers, 231 South La Salle Street, announce the association with them of Joseph W. Hirsch. Mr. Hirsch previously was with Kebbon, McCormick & Co., and its predecessor, Stern, Wampler & Co., and Lawrence Stern & Co. He is a member of the Chicago Stock Exchange and has been identified with La Salle Street investment and banking firms since 1918.

Empire District Electric Situation Interesting

The 6% cumulative preferred stock of Empire District Electric Company offers an interesting situation, which has been improving in several directions, according to a discussion appearing in the "Preferred Stock Guide" issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the "Guide," which also contains quotations on preferred and common public utility stocks, may be had upon request from G. A. Saxton & Co.

Calendar Of New Security Quotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, SEPT. 16

POPE & TALBOT, INC.

Pope & Talbot, Inc. has filed a registration statement covering 200,000 shares of capital stock, par $10 per share.

Address—San Francisco, Calif.

Business—Company is manufacturer of lumber and lumber products, etc.

Proceeds—The shares are owned by certain stockholders who will receive all of the proceeds.

Underwriters—Blyth & Co., Inc., and Dean Witter & Co.

Registration Statement No. 2-5210. Form A-2 (8-28-43).

SUNDAY, SEPT. 19

ATLANTA GAS LIGHT CO.

Atlanta Gas Light Co., a subsidiary of Consolidated Electric & Gas Co., filed a registration statement with the SEC, for $7,500,000 of first mortgage bonds, series due 1963, and 20,000 shares of 5% cumulative preferred stock, par value $100 a share, on which sealed bids will be asked.

Address—243 Peachtree St., Atlanta, Ga.

Business—Company is an operating utility company engaged primarily in the business of purchasing, distributing and selling natural gas in 20 municipalities in Georgia, and manufacturing, distributing and selling artificial gas in five municipalities in Georgia and two in South Carolina. Incidental to the promotion of its business, the company also engages in the merchandising of gas appliances. It has been engaged in the sale of gas continuously since 1856, except when its plant was damaged during the Civil War.

Proceeds—Net proceeds, exclusive of accrued interest and dividends, will be applied to the extent that funds are available to the redemption of $5,875,000 principal amount of general mortgage bonds, series due 1955, 4½%, at 104, and $2,150,000 principal amount of general mortgage bonds, 3½%, series due 1961, at 104½, and to the redemption of 13,000 shares of 6% cumulative preferred stock at $110 a share.

Underwriting—To be filed by amendment.

Registration Statement No. 2-5211. Form S-1. (8-31-43).

WEDNESDAY, SEPT. 22

STOKELY BROS. & CO., INC.

Stokely Bros. & Co., Inc., has registered with the SEC 106,050 shares of common stock, $1 par value, and 42,925 shares of 5% cumulative prior preference stock, $20 par value, which are being offered under an exchange plan to the holders of common and preferred stocks of its subsidiary, Stokely Foods, Inc.

Address—941 N. Meridian St., Indianapolis, Ind.

Business—Selling fruits, fruit juices and vegetables which are processed and packed for it by its subsidiaries.

Underwriting—None.

Offering—The company offers to holders of common stock of Stokely Foods, Inc., 50-cent par value a share, one share of its $1 par value common stock in exchange. Holders of the $1.50 cumulative dividend preferred stock of Stokely Foods, Inc., are given the right to exchange four of such shares for each five shares of the company's 5% cumulative prior preference stock, $20 par value. The Sept. 1, 1943, dividend on the preferred stock of Stokely Foods, Inc., has not been declared. Any shares of such preferred stock of that company exchanged after the close of business Sept. 30, 1943, will not be entitled to receive the dividend on the 5% cumulative prior preference stock of Stokely Brothers & Co., Inc., which has been declared payable Oct. 1, 1943, to holders of record at the close of business Sept. 30, 1943.

Registration Statement No. 2-5212. Form S-1. (9-3-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN EXPORT AIRLINES, INC.

American Export Airlines, Inc., has filed a registration statement for 43,888 shares of capital stock, par value $3 per share.

Address—25 Broadway, New York.

Business—Is now engaged in air transport operations between the United States and Europe, and conducts operations between the United States and certain military bases in the Caribbean and South America under contract with the Navy.

Underwriting—No underwriters.

Offering—The shares are issuable upon the exercise of capital stock purchase warrants of the airlines company attached to 7,900 shares of 5% cumulative preferred stock of its parent, American Export Lines, Inc., a steamship company. The warrants are exercisable by the transfer to the airlines company of the shares of preferred stock attached to the warrants in payment of the purchase price. At the date of the prospectus holders of preferred stock of the steamship company are entitled to receive 5 5/9 shares at the price of $18 per share for each share of the steamship company preferred stock.

Purpose—Upon the exercise of any warrants the airlines company is required to surrender to the steamship company all shares of preferred stock of the steamship company it may acquire, and each share of preferred is to be paid for by cancelling $100 of the indebtedness owed by the airlines company to the steamship company. The steamship company sold privately in 1940 10,000 shares of its preferred stock with warrants of the airlines company attached and advanced the gross proceeds of the sale, $1,000,000, to the airlines company. The steamship company through the sinking fund provision is retiring 2,100 shares of the preferred stock so that warrants attached to these shares become void.

Registration Statement No. 2-5203. Form S-1. (8-19-43).

Amendment filed Sept. 4, 1943, to defer effective date.

CENTURY SHARES TRUST

Century Shares Trust, of Boston, an open-end diversified investment company, has registered 200,000 shares which are to be offered to the public at the liquidating value then in effect, plus a loading charge of 7% of the offering price (approximately 7.5% of the liquidating value).

Address—30 Federal Street, Boston.

Business—The principal object of the trust is to enable investors to acquire through purchase of its shares, a security of moderate price which will be readily marketable, and which will represent an investment in a diversified list of shares of insurance companies, banks and trust companies.

Underwriting—Harriman Ripley & Co., Inc., principal underwriter.

Offering—The present offering comprises 200,000 shares authorized by the Trustees on July 20, 1943, for sale for cash to Harriman Ripley & Co., Inc., from time to time at the liquidating value of outstanding shares.

Proceeds—The Trust would receive $5,654,000 from the sale of these shares if the liquidating value remained the same as on July 20, 1943.

Registration Statement No. 2-5208. Form S-5. (8-27-43).

Amendment filed Sept. 10, 1943, to defer effective date.

CROWLEY, MILNER & CO.

Crowley, Milner & Co. have filed a registration statement for certificates of deposit for $996,500 5½% sinking fund debentures, due 1946.

Address—Monroe Avenue and Farmer Street, Detroit, Mich.

Business—Character of business done by original issuer is a department store and general mercantile business, at retail.

Underwriting—Company has engaged the services of H. M. Preston & Co., Chicago, as its readjustment manager.

Offering—Call for deposit of bonds under plan of debenture adjustment.

Purpose—Purpose of requesting deposits is to ask depositors to consent to an extension of the maturity date of the authorized 5½% debentures from May 1, 1946, to Oct. 31, 1952 and various modifications of the indenture. See Registration Statement No. 2-5176.

Registration Statement No. 2-5175. Form D-1. (7-5-43).

Stop order proceedings discontinued and registration statement withdrawn Aug. 3, 1943.

CROWLEY, MILNER & CO.

Crowley, Milner & Co. have filed a registration statement for $996,500 5½% sinking fund debentures as extended to 1952 and $1,245,600 4% debentures due 1962.

Address—Monroe Avenue and Farmer Street, Detroit, Mich.

Business—Department store and general mercantile business, at retail.

Purpose—Company proposes a plan of debenture adjustment and a plan of capital stock readjustment. The 5½% debentures as extended to 1952 are to be issued through certificates of deposit to holders of old 5½% sinking fund debentures due 1946 under plan of debenture adjustment, extending maturity date and modifying indenture provisions. The 4% debentures will be issued in exchange for 31,140 shares of $50 par prior preference stock on basis of $40 face amount of debentures plus $10 in cash for one share of stock under plan of capital stock readjustment.

Registration Statement No. 2-5176. Form S-1. (6-30-1943).

Stop order proceedings discontinued and registration statement withdrawn Aug. 3, 1943.

(This list is incomplete this week)

Municipal News And Notes

(Continued from page 1103)

be frankly recognized and authorized by the Constitution so as to prevent writing into the State's fundamental law material which is of only temporary interest. If, on the other hand, it is believed that the State should generally follow a pay-as-you-go plan and issue bonds only in such extraordinary circumstances as would yield an extraordinary vote, such as a two-thirds majority, the Constitution should be revised to make effective the requirement of an extraordinary majority. This could be done in several ways. For instance, the amending provisions of the Constitution could be reworded so as to provide that bond issues could not be authorized under the guise of constitutional amendments but must be presented to the electorate under the provisions requiring an extraordinary majority.

"In this connection it should be pointed out that the Constitution now requires a two-thirds majority vote to authorize large amounts of debt for units of local government. Section 12 of Article 10 reads "No county, city, town, township, school district or other political corporation or subdivision of the State shall be allowed to become indebted in any manner or for any purpose to an amount exceeding in any year the income and revenue provided for such year, without the consent of two-thirds of the voters thereof voting on such proposition."

The Research Institute's survey contains a summary of the methods employed by the various States to create debt and a tabulation showing the per capita net debt of the States at June 30, 1942.

N. Y. Analysts To Meet

The New York Society of Security Analysts, Inc. announces that the Railroad group will meet on Friday, Sept. 17, the subject to be announced.

On Monday, Sept. 20, M. D. Popovic of the Blue Ridge Corporation will speak on "Over-Priced Growth Situations," and on Sept. 22, S. C. Allyn, President of the National Cash Register Company, will be speaker.

All meetings are held at 56 Broad Street, New York City, at 12:30 p.m.

Trend Of Deposits Of Reserve Member Banks

M. A. Schapiro & Co., 1 Wall Street, New York City, have prepared a most interesting table of the trend of deposits of the member banks of the Federal Reserve System since Dec. 31, 1941 with data on 30 selected member banks. Copies of the table, with a discussion of the possible future changes in the situation, may be had from M. A. Schapiro & Co. upon written request.

Frank Ginberg To Visit Strauss Correspondents

Frank Ginberg, statistician of Strauss Bros., 32 Broadway, New York City, will visit the correspondent firms of Strauss Bros. in the Middle West next week. He will make his headquarters at Baum, Bernheimer Co. in Kansas City on Sept. 22 and 23, and at White & Co. in St. Louis on Sept. 27 and 28, where local investment dealers are invited to consult with him.

Russia Reported Making Bid For Separate Peace In Broadcast Beamed To Germany

The Moscow radio declared on Sept. 9, in a broadcast beamed to Germany, that the Nazi Government of Adolf Hitler alone stands in the way of a "just peace" between Soviet Russia and the German people.

The broadcast was directed to Germany in the name of the Soviet-controlled "Free Germany National Committee," according to a dispatch reported in the New York "Journal-American" of Sept. 9 by David Camelon of its Washington bureau. This report also stated in part:

"The entire spirit of the Russian propaganda offensive, it was said in Washington, was geared to minimize any Anglo-American actions, and to convince Germans their sole safety lay in a close rapprochement with Russia—in effect, a merger of two Soviet powers.

"In its broadcast to Germany today, reported by the FCC, the 'Free Germany Committee' told the German people that the Wehrmacht, 'from private to general, is the principal force capable of cleansing the German house' of the obstacles to a just peace.

" 'The committee,' using the words of Pope Pius XII for its own purposes, declared that only by such a housecleaning could the peace that the Pope asked in his recent address be brought about.

"The broadcast indicated that 'no one' would be willing to negotiate or conclude a peace with the Nazi Government of Hitler.

"By indirection, therefore, it indicated Russia was willing to sit down and negotiate peace with a Government which would replace Hitler's — a Soviet Government, the broadcast continued:

" 'Hitler and his accomplices are not the sort of people to whom one can address appeals in the name of reason and charity. He who wishes to help justice and human solidarity to regain the upper hand must speak only in the language that Hitler and Himmler understand.

"They have governed violently and will cede only to violence.

" 'The Wehrmacht, from private to general, is the principal force capable of cleansing the German house of this pest, thus removing the obstacle which stands in the way of a just peace, would not curtail the vital rights of our German nation, just as Pope Pius demanded it.

"The broadcast said that an 'overwhelming majority' of the German people wanted a just peace 'today' but knew it was impossible under the Nazi Government."

Rail Situation Interesting

The current situation in Denver & Rio Grande Cons. 4s, of 1936 offer interesting possibilities, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from the firm.

Bank & Insurance Stocks

(Continued from page 1105

the 1943 period 51.9%. Expense ratios vary a great deal among the 17 companies, it will be observed. Their average for the 1942 period was 41.9%, while for the 1943 period it is slightly higher, being 43.3%. This increase reflects somewhat the effect of higher Federal taxes. The combined loss and expense ratios, calculated from these averages, were 106.8% for the first six months of 1942 and 95.2% for the first six months of 1943. Indications, therefore, point to reasonable underwriting profits this year, as well as net investment income substantially approximating that of 1942.

Figures in the tabulations were compiled from Alfred M. Best Company's reports.

TABLE II

	Stat. Und. Profit (First 6 Months)		Net Inv. Income (First 6 Months)		Loss Ratio (First 6 Months)		Expense Ratio	
	1942	1943	1942	1943	1942	1943	1942	1943
Agricultural	—$5.94	$1.52	$2.25	$2.07	74.1%	51.8%	39.5%	44.0%
Am. Alliance	—0.36	—0.31	0.68	0.67	51.9	55.2	47.0	45.1
Bankers & Shippers	—0.07	2.13	2.77	2.02	60.4	51.3	44.8	46.2
Camden	0.10	0.20	0.64	0.62	53.4	52.6	45.0	44.2
Continental	—0.47	0.89	1.10	1.08	65.1	46.9	39.0	38.6
Fidelity-Phenix	—1.04	1.16	1.21	1.22	72.1	45.9	38.5	37.6
*Firemen's	—0.27	0.28	0.08	0.11	57.4	48.2	45.0	44.1
Great American	—1.40	—0.22	0.63	0.61	76.4	55.6	42.5	43.5
Hanover	—1.09	1.35	0.70	0.70	67.7	48.6	39.6	41.1
Ins. Co. of No. Amer.	—7.16	0.01	1.33	1.27	104.0	59.0	30.6	37.3
Jersey	—0.18	0.60	1.16	1.02	58.7	51.7	45.8	46.9
National Union	—1.61	—0.53	4.20	4.80	53.1	55.6	44.1	43.1
New Hampshire	—0.26	—0.20	1.11	1.10	51.3	49.0	49.2	48.2
Pacific	0.05	1.60	3.22	2.55	58.8	51.5	45.4	47.1
Prov. Washington	—1.66	0.62	0.77	0.71	72.6	49.8	36.4	43.5
Security	—2.83	—0.29	0.75	0.67	75.5	53.5	36.5	42.3
Springfield F. & M.	—0.30	0.25	2.54	2.55	50.8	55.3	44.1	43.3
Average					64.9%	51.9%	41.9%	43.3%

*Exclusive of other companies in Loyalty Group.

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Chase Of New England Council Offers Program To Congress To Restore Confidence, Unity

Offers Program For Financial Policy Suited To New England

Prompt Congressional action on a program designed to restore confidence and unity, and to stimulate intelligent planning and constructive leadership was outlined on Sept. 10 by Edward E. Chase, President of the New England Council, at a meeting with a group of New England Senators and Representatives in Boston.

Mr. Chase, who is also President of the Maine Securities Co., Portland, Me., called for action along the following lines:

Edward E. Chase

"A foreign policy frankly based upon realism and national interest, implemented by adequate force committed to maintain peace, instituted and ratified by constitutional procedure, depending for support upon the general approval of the enlightened and the complete silence of the ignorant.

"A definition of the functions and fields of free enterprise, and of the scope and purpose of business regulation; a restriction upon the expansion of Government into the field of business without clear showing of necessity and without express legal authority; a declaration of intention regarding the responsibility of industry for post-war re-employment, and an indication of the measure of Government support of post-war construction and production; with legislation designed to make possible the accomplishment by the business organism of the tasks assigned.

"A thorough overhauling of the system of Federal taxation, to simplify procedure and computation, and promote the established policy for free enterprise by substituting incentives for handicaps, using the elimination of waste motion and complexities to reconcile the beneficiaries of simplification to increased tax collections.

"A declaration of the right of individual security expressly conditioned by the obligation to work to the extent of capacity, fixing the responsibility for providing the opportunity, and stimulating the production to a level where a guarantee of security can be made good by stressing the obligation to work, rather than by providing the population with spending money.

"Legislation fixing the maximum amount of currency to be outstanding and drastic measures to bring back into circulation the hoarded currency."

Mr. Chase also presented to the meeting, with the approval of the Council's Executive Committee, a general outline of a program which he said "is designed to develop over the requisite period of time a financial policy suited to New England." In part, Mr. Chase said:

"Development of such a policy will require continuity in consideration, by discussion in full meetings and by special research studies by selected groups. The presentation today is in the nature of an introductory exploratory conversation.

"We must start from the assumption that we know what we want for New England. By way of introduction, I venture to state such a preliminary assumption. We want to maintain in New England a sound and stable economy based primarily upon a strong industrial organization, diversified as to products and adapted in unit sizes to the community of location.

"Since this assumed aim requires the preservation of a system of free enterprise, and since the essence of free enterprise is the taking of risks, free enterprise and risk-taking are incidental general assumption within which we must work, and which afford an approach to the regional problem.

"Starting then from the States' assumption of our objective, we must proceed to find out what we must do, collectively and individually, in order to get what we want. We must try to bring action into time with aspiration. We must discard all Santa Claus theories based upon expectation of assistance from outside. We must view money only as an implement which men can use to get what they want—as a servant and not a master. We must study forces, social and economic, some of which we can control and some of which we can steer only a little, seeking how to inject a new force of organized influence so as to produce a new component of force which aims at what we want.

"We must focus attention upon the great inconsistency between what is being said about free enterprise, and what is being done by owners of the capital which is essential to free enterprise. This inconsistency is not peculiar to New England. Everywhere we find conviction that risk-taking is essential to free enterprise, and everywhere we encounter a reluctance to take risks. Everywhere we find a strong belief in private ownership, and everywhere we see a scarcity of persons willing to become owners when risk is apparent. The demand for security is not confined to the disinherited, by any means.

"There is a disposition to blame the Government for this condition. It is true that Federal legislation and regulation is responsible in part. But there are other reasons which arise from conditions which lie within the range of a regional influence. If we in New England could only attain to a clear understanding of the difficulty, we would gain a great advantage for ourselves while performing a service for the nation. . . .

"In order to maintain a stable industrial economy under free enterprise in New England, we must solve two problems. One is the problem of promotion of new enterprises, and the other is the problem of ownership of established industries. These are the tasks which demand risk-takers.

"Who are the risk-takers of the future? Advocates of free enterprise should be able to answer that question. In order to show whether willing risk-takers are plenty, I have addressed this question, adapted to the special interest, to representatives of financial institutions and other aggregations or sources of capital."

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For Dealers . . .

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Earnings June, 1943 (before taxes) $159,000

Trading market and further information on request

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Our Reporter On "Governments"

(Continued from page 1103)

people from coast to coast are being pushed into buying billions. . . . And at the same time, the outstanding 2s of 1955/51 hold up at a ⅜ point premium and institutions are in buying those. . . . And the 2s of 1952/50 are up to the ½ and ⅝ point premium mark with investors pushing them up from day to day. . . . And the 1951/49 maturities of 2s are acting similarly around the 101 level. . . .

It's really worth considerable study for this action tells us the popularity of the 2s in the 10-year range. . . . You can't get away from it—this is a perfect maturity and apparently a satisfactory interest rate for thousands of institutions and major investors. . . . Which means they'll go in and buy 2s due in 10 years at a premium even while more 2s due in 10 years are available at 100. . . .

Surely, there are technical factors involved and commercial banks are prime buyers and we wouldn t expect institutions to sell outstanding 2s in order to get in on new ones. . . . But the strength in this issue is unusual. . . . This observer, for one, would have been content to see the 2s slip off a bit and probably would have characterized this movement as entirely logical in the face of a huge borrowing. . . . But no. . . . The logic isn't there. . . . The advance is. . . .

Incidentally, it may be the new 2% loan will total up to $8,000,000,000 or maybe even $10,000,000,000. . . . As compared with a high mark as of today of $4,939,000,000 for the 2s of September, 1952/50.

INSIDE THE MARKET

The First Boston Corporation comments on the possible size of the bank deal to follow this drive and estimates $3,000,000,000 as a minimum figure and adds "the total offerings to be made to commercial banks would not be more than $3,500,000,000 to $4,500,000,000, this total to be divided between a ⅞% certificate and a 2% bond." . . . Which coincides exactly with the forecast here a fortnight ago.

First Boston says too that the above conclusion is based on the assumption that the drive will raise only $15,000,000,000. . . . "There are some indications that the $15,000,000,000 goal may be exceeded by a substantial sum." . . .

Purchases by savings banks, insurance companies and corporations other than commercial banks are expected to beat April return. . . . $11,000,000,000 may be minimum anticipated from these sources as against $10,200,000,000 in April. . . .

Savings banks in New York State alone are in for $600,000,000. . . . Banks of this type may have 50% of their deposits in Governments by the end of this drive. . . .

Excess reserves position of Federal Reserve member banks to be eased as depositors draw out funds to purchase war bonds. . . .

Treasury has been preparing its own funds for this drive by selling Governments out of their portfolios during recent months, freezing profits thereby and getting cash ready for new buying. . . . For instance, net sales by Treasury totaled $67,757,000 in July and $145,768,000 in June. . . .

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W. A. Schuberth Is With Slayton Co., Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — William A. Schuberth has become associated with Slayton & Company, Inc. Mr. Schuberth has been with Joseph F. Dixon & Co. for a number of years. In the past, a member of the Chicago Stock Exchange, he was a partner in W. A. Schuberth & Co.

Sidney Sanders Joins Foster And Marshall

(Special to The Financial Chronicle)

SEATTLE, WASH. — Sidney J. Sanders has become associated with Foster & Marshall, 1411 Fourth Avenue Building, members of the New York Stock Exchange. Mr. Sanders was previously Manager of the Trading Department of the Seattle office of Conrad, Bruce & Co., with which he had been connected for a number of years.

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Memorandum in preparation, available on request Friday.

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The Financial Situation

Congress is now about to begin its winter work, some of it winter work only because members of the House and Senate could not gain consent to do it before they left Washington for their first breathing spell in a good while. Members now have had a number of weeks in which to cogitate, to stand away a little from the trees and obtain a better look at the forest. They doubtless have had a good many heart to heart talks with the "folks back home." It is to be hoped that they also have taken the time to reach careful, more or less independent conclusions of their own concerning a number of vitally important public questions to which they must now turn. With the elections in the offing, it will not be easy for many of them to be as independent of local and partisan politics as the country can well wish them to be, but precisely that duty now lies heavy upon them. It is evident beyond any doubt that the Executive Department is badly in need of the kind of assistance that a strong and wise Congress could give it—and oblige it to accept.

New Taxes

For one thing, the tax question must inevitably come before the national legislature this fall and winter. If there if one thing more than any other that the Administration, particularly the Treasury, has bungled from the very beginning it is taxes. Unless all signs fail, the Treasury will lay before Congress before many weeks have passed recommendations for further tax legislation which will be of a piece with that which has gone before it—if not worse. This, of course, is no time to "play politics" further with this matter of the levies to be laid upon a people already sorely and inequitably burdened. Congress has not always liked the tax proposals of the Treasury in the past. It has not always given Mr. Morgenthau precisely what he requested. It has, however, not developed any well-considered and well-rounded tax plan of its own. Rather it has complained, sometimes balked, and in the end en-

(Continued on page 1110)

Inflation Is Your Business

Babson Says Every Citizen Should Wake Up

Inflation is as "catching" as smallpox and much more serious. If allowed to spread, it will cause far more deaths than epidemics of suicides, heart failures and nervous breakdowns. No wonder life insurance companies are fighting it tooth and nail. If the same intelligent approach is made to the problem of avoiding inflation as was made in the case of reducing and eliminating smallpox, we shall be all right. But if we neglect the present signs of the growing epidemic of inflation I am afraid we shall soon be beyond hope.

Roger W. Babson

Some people are saying, "Let inflation come." They hope it will help sell some long-held stocks which now show a loss. Possibly, but what will the money received be worth? It may be far better to hold stocks than to sell them at double the present price and get money worth only 40% or less of its present value. The same principle applies to buying stocks now with the hope of selling them later at a profit. Even when buying the right stocks as an inflation hedge, they should be considered only as a "safe deposit box" in which to keep your money during inflation. What money you do not put into short-term war bonds, invest in good, productive real estate or good stocks. Do this as a permanent investment and not as a speculation.

Readers who have a little money invested in railroads, public utilities and other companies whose rates are regulated should especially watch inflation. Inflation can severely cripple these corporations. Although rate increases are possible they always lag considerably behind the increase in expenses caused by inflation. Inflation will, therefore, probably cause a decline in the securities of railroads and certain other corporations.

Wages and Labor

It is true that some (not all) wages should go up under inflation, but what good will this do? Not only will these higher wages buy less in food, clothing and

(Continued on page 1116)

The News Behind The News

By PAUL MALLON

An Anglo-American Alliance? All right, say we have one, and acquire from Britain the ownership of leased air bases approaching our shores which are essential to implement it. Where, then, are we regarding the peace and security of this country and the world?

Paul Mallon

The idea of the alliance, the reason for it, is that it forms a military combination too powerful to be attacked by any enemy, and the rest of the thereupon would accept inferiority peacefully and never plan again to conquer us and establish their own world dominance. Would it do this?

Russia today has the greatest army in the world. Her sluggish industrialization has been quickened by war necessity, moved up perhaps a generation.

She has unparalleled stores of natural resources, probably greater than the combined stores of Britain and the United States. She can be expected to wield a powerful voice in Asia (China is closer to her diplomatically than we are). In Europe, her voice could indeed be equal to ours.

Her world policy has been isolationist so far. She has, and may

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Principles Of "Democracy First" Basis Of Lasting Peace--Wallace

Proposes Seven New Freedoms As Part Of "Freedom From Want"

Vice-President Henry A. Wallace, asserting that "only by applying the principles of 'Democracy First' can we have any chance of lasting peace," proposed on Sept. 11 that a new "declaration of of freedom" be adopted with freedom from want as its essence.

In an address before a "Win the Peace" rally at Chicago Stadium, the Vice-President listed seven new freedoms as spelling out President Roosevelt's "freedom from want," as follows:

Henry A. Wallace

"1. Freedom from worry about a job.

"2. Freedom from worry about a dependent and poverty-pinched old age.

"3. Freedom from unnecessary worry about sickness and hunger.

"4. Freedom from strife between workers and business men, between farmers and business men, and between workers and farmers.

"5. Freedom from strife between the races and creeds.

"6. Freedom from fear of bankruptcy caused by overproduction of necessary materials.

"7. Freedom for venture capital and for inventors of new ideas to expand production of needed goods without fear of repressive cartels, excessive taxation or excessive Government regulations."

Criticizing the slogan "America First," Mr. Wallace said that under that "smooth phrase" the common man would be robbed and that under that slogan we can have only war. Instead, he stated, "Democracy First" can lead to peace with "supremacy of freedom in both the economic and the political world."

He appealed for close cooperation with our Allies and charged that isolationism was a screen behind which a small group was seeking to retain its special privileges and the control of international business.

Mr. Wallace said that the time to make post-war plans was now while the Allies are in agreement and grateful to each other for mutual aid.

The Vice-President endorsed the proposal that America take the lead in peace-planning which was introduced in a resolution before Congress by Senators Ball

(Continued on page 1112)

From Washington Ahead Of The News

By CARLISLE BARGERON

This writer was sitting in the hotel lobby at Ashland, Ky., when news of the Italian surrender came over the radio. He was the only one in the lobby to show more than passing interest. He read in the papers the next morning that there had been a lot of jubilation in Washington, in spots of New York. There was none in this little place. The explanation, of course, would be that the surrender had been largely discounted. But it is striking how little discussion of the war one hears going about the country. Occasionally, a fellow will remark: "Our boys have been going great guns." Seldom does it develop into a discussion.

Mr. Roosevelt may have had something, when in his speech invoking the buying of bonds, he said the people after the war probably wouldn't be in a celebrating mood, but a determined mood to insure that it will never happen again. There seems to be little doubt that the people now are in some sort of a quiet determined mood. Frankly, what the determination is has the Democrats worried.

In Kentucky a gubernatorial campaign is just getting under way and the Republicans admittedly have the best chance they have had in some 30 years. They are confining their campaign to State issues altogether, but the Democrats are insisting a Republican vote is a repudiation of the President's war efforts. Unquestionably the Republicans are going to cash in on the countless irritations to which people are being subjected, but for purposes of strategy they are talking about nothing except the "gang" at Frankfort.

The Republican nominee, Simeon S. Willis, former member of the State Court of Appeals, and admittedly a high-type of man, has as his main positive issue the repeal of the State income tax. There is quite a move on in that direction among the States; in the past year several States having either abandoned the tax or greatly reduced it. As an issue in Kentucky, it is hardly an outstanding vote-getter because with exemptions it barely touches a married man with an income of less than $5,000 a year. But Willis is carrying his fight on a broader scale, that the tax keeps capital out of Kentucky, that the bringing in of outside capital is the best way to provide jobs for the returning soldiers. It is a fact that Kentucky, once high up among the 13 Southern States in industrial progress, has dropped to 10th place.

If the Republicans win or even

(Continued on page 1116)

The Financial Situation

(Continued from first page)

acted "patched up" laws with which no one could be really satisfied.

Crippling Enterprise

The stage has now been reached when we can little better afford this sort of thing in further and perhaps larger doses than we can to have Treasury plans passed to the statute books as they reach Capitol Hill. Our tax laws have long been stifling business enterprise. Private initiative of the sort that made this country great, and which must be given a large share of the credit for the victory which the United Nations appear now to be approaching, has had grievous burdens to carry for a decade or more. The fact that we are now waging "total war" has been more and more employed by the Administration as an excuse for heavier and heavier burdens upon all those who have the energy, initiative and courage to undertake any sort of business venture, to say nothing of those who virtually must continue to carry on with the tasks that they began in happier days. It is even now taxing business enterprises so heavily and so inequitably that they have no means left to prepare for the day when they will be expected to reconvert quickly and afford employment for the millions of workers who are so close to the heart of the reformers and politicians in Washington. The reply of the Administration apparently is to prepare grandiose plans by which the Government itself will provide work and wages—and this despite the obvious circumstance that the Treasury will end the war under a crushing burden of debt of its own. Congress, if it is to earn the respect of thoughtful citizens, simply can not afford to look the other way, or to yield to the cajoling or the threats of political cliques which now rule in Washington.

Manpower

Even more urgent, and quite possibly as important, is the question of manpower and its innumerable ramifications. Our food supply, which no thoughtful man for a moment believes is so well assured as some of the propaganda agencies in Washington would have them suppose, is vitally involved. So is adequate armament and transportation for our huge armed forces and those of our allies. As things appear now to be going, there is good cause for grave uneasiness about the future on both these accounts, if we assume as we must in laying our plans that the war will continue for a considerable period longer. Indeed, it may well be that only a much earlier termination of hostilities than the military men are reported to expect can save us from serious embarrassment, unless much greater wisdom is shown in the very near future as regards the full and most effective employment of the manpower available to us. There are many reasons why our failure on this question has been so serious, some of them going much deeper than is popularly suppposed.

The 40-hour week is one of the basic difficulties. The temporary "concessions," if such they may be termed, which have been made by the Administration do not, and in the very nature of the case can not, suffice to meet the situation in the circumstances. For one thing, great masses of employers simply can not have their forces working longer than 40 hours a week if they must pay the heavy penalty attached to "overtime." Many of them probably could not do so in any event and remain in business; others are unable to do so in a situation where the prices they may exact for their products is rigidly and inequitably "frozen" at levels which allow nothing for such penalty wage payments. Here, of course, is a situation which has become, thanks to the union-coddling of the Administration, inextricably interwoven with union policies and union domination. Yet, whatever difficulties its solution may present at this time, we may as well face the fact that it lies close to the roots of our so-called manpower problems of the day.

A Proper Balance

Another vital factor is the relative size of our armed forces and those other armies of workers which must supply them and the civilian population with the necessities of war and of ordinary life. Congress should by now have come to a realizing sense of the fact that this is not merely a "military question" as is so often said by those who have set our goals. Professional soldiers are, of course, best fitted to know the number of men they would like to have, or perhaps ought to have, to accomplish a given purpose in a given length of time, but men in the army and navy must have almost incredibly large amounts of weapons and other equipment which are most difficult and time-consuming to manufacture. To be sure there are other individuals better trained by experience to judge the quantities of these weapons and equipment that can be produced and transported by any given number of men and women. A proper balance between the number of men in the armed forces and the number of men and women in the factories at home is absolutely essential to maximum results. There have of late been some indications that this aspect of the problem is receiving rather more understanding attention than it had been getting. Congress, which after all under our system of government bears large responsibilities in the conduct of war, would do well to look carefully into this matter at once—not content itself with playing to the galleries about the draft of this, that or the other element in the population.

There is, of course, a multitude of other important matters which cry for attention on Capitol Hill, election or no election. Merely to list them here would unduly lengthen this discussion. Most of them are well known and well understood to require attention. One matter which probably has not greatly impressed the rank and file, due to its technical nature, but which should by all means be given a place upon the Congressional agenda, is what is now known as "invasion currency" — together with related questions arising in occupied zones. The authorities appear to be making a mystery of them, but the fact is that a great deal of lasting harm could be done by unwise policies in these matters. Congress must demand to know what is actually taking place—and act as the circumstances indicate.

If Congress will get to work in a business-like way upon these and other public problems, it will have no further cause to worry about its place in our scheme of things.

A Program

"A definition of the functions and fields of free enterprise, and of the scope and purpose of business regulation; a restriction upon the expansion of Government into the field of business without clear showing of necessity and without express legal authority; a declaration of intention regarding the responsibility of industry for post-war reemployment, and an indication of the measure of Government support of post-war construction and production; with legislation designed to make possible the accomplishment by the business organism of the tasks assigned.

"A thorough overhauling of the system of Federal taxation, to simplify procedure and computation, and promote the established policy for free enterprise by substituting incentives for handicaps, using the elimination of waste motion and complexities to reconcile the beneficiaries of simplification to increased tax collections.

"A declaration of the right of individual security expressly conditioned by the obligations to work to the extent of capacity, fixing the responsibility for providing the opportunity, and stimulating the production to a level where a guarantee of security can be made good by stressing the obligation to work, rather than by providing the population with spending money."—From a program of public policy suggested by Edward E. Chase, President of the New England Council.

We do not feel able, at least without more exact understanding of parts of it, to endorse these proposals in full, but we are confident that there are ideas here well worth the careful consideration of our readers.

The State Of Trade

Reports from most of the heavy industries continue to show an upward trend. Carloadings showed a drop of almost 3,000 cars for the week, but this was more than offset by the excellent showing of electric power production, which again reached a new peak during the week ended September 4th. Reports from the retail trade were also favorable compared with last year.

Electric power output has been in the spotlight for some weeks past and again made a new high record of 4,350,511,000 kilowatt hours for the week ended Sept. 4th. This compares with 4,322,195,000 a week earlier, according to the Edison Electric Institute.

The latest week's power production was 18.4% higher than the 3,672,921,000 kilowatt hours produced in the similar 1942 week.

The Southern States again led the major geographical divisions with an increase of 22.4% over the same week in 1942.

Carloadings of revenue freight for the week ended Sept. 4th, totaled 901,075 cars, according to the Association of American Railroads. This was a decrease of 2,932 cars from the preceding week this year, 13,115 cars more than the corresponding week in 1942 and 103,284 cars above the same period two years ago.

This total was 133.41% of the average loadings for the corresponding week of 10 preceding years.

Steel operations for the current week are scheduled at 99.6% of capacity, indicating production of 1,736,000 net tons of ingots, the American Iron & Steel Institute estimated. This compares with operations last week at 100.3%, the record high, and production of 1,748,200 tons.

For the week beginning Sept. 13th last year ingot production amounted to 1,662,800 tons.

Production of steel ingots in the United States totaled 7,562,125 net tons in August, a new high for the month and the third largest of any month in the industry's history, according to the American Iron & Steel Institute. August output compared with 7,376,017 tons in July and 7,227,655 in August, 1942. The all-time monthly peak was established in March with 7,670,187 tons. In October, 1942, output totaled 7,579,514 tons.

Italy's capitulation should have little effect on the overall scope of war production, the magazine "Steel" said. Germany's indicated determination to fight for Italy means there will be no letdown in the demand for munitions and equipment from United Nations' forces in that sector, the publication declared, adding:

"It is clear whatever changes in specifications may result from the Italian collapse, they will be offset by requirements in other directions, and by the intensification of production in certain lines to make it possible for Allied forces to take fullest advantage of the Italian capitulation.

"In addition, raw materials, including steel, will be needed on a large scale to supply whatever Italian manufacturing facilities can be utilized by the Allies. Consequently there seems little prospect that the military situation today permits of any view in the direction of easier war steel demand."

Civil engineering construction volume for the holiday-shortened week total $36,606,000. This continental U. S. volume, not including construction by military combat engineers, American contracts outside the country and shipbuilding, is 62% below the corresponding 1942 week, and compares with $61,674,000 for the preceding week, states Engineering News-Record.

Private construction is 58% lower than a year ago, and public is down 63% as a result of the 61% decline in state and municipal construction and the 63% decrease in Federal volume. Current construction brings 1943 volume to $2,322,368,000, an average of $64,510,000 for each of the 36 weeks of the period.

Some improvement was noted in retail trade the past week as sales of back-to-school wear picked up and a steady demand for some house furnishings continued, reports the weekly review of Dun & Bradstreet, Inc. Since Labor Day occurred in the corresponding week of 1942, sales varied less and for the country were estimated up 7 to 10% in the week, states this agency.

Department store sales on a country-wide basis for the week ending Sept. 4th, were the same in volume as the corresponding week a year ago, according to the weekly figures made public by the Federal Reserve Board.

Store sales were up 5% for the four-week period ending Sept. 4, compared with last year.

Department store sales in New York City for the week ended Sept. 11th, were 3% above the corresponding 1942 week, a preliminary estimate issued by the New York Federal Reserve Bank reveals.

In the previous week ended Sept. 4th, sales of this group of stores were 1% smaller than in the comparative 1942 week.

Money In Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve Banks and agents. The figures this time are for July 31, 1943, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $17,954,587,757 as against $17,421,261,974 on June 30, and $12,739,478,258 on July 31, 1942 and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War that is on June 30, 1914, the total was $3,459,434,174.

Bratter To Direct Monetary Standards Inquiry Into Post-War Reconstruction & Stabilization

Having for its objective the investigation of a basis for international reconstruction and stabilization, what is designated as the Monetary Standards Inquiry, was launched in New York City on Sept. 8. The confusion in world monetary conditions expected at the end of the war prompts the action which has been taken, and in the statement with regard thereto, it is pointed out that "it is of the greatest importance at this time to evolve monetary arrangements that will solve effectively the urgent problems that will confront us in the post-war world." The announcement dealing with the movement undertaken follows:

Herbert M. Bratter

"Anticipating that the end of the war will find world monetary conditions in an unprecedented state of confusion, the launching of the Monetary Standards Inquiry for the purpose of investigating a basis for international reconstruction and stabilization was announced on September 8th by Herbert M. Bratter, director.

"Viewpoints of leading economists and officials who have specialized in monetary problems will be published for the guidance of government and the public, said Mr. Bratter, who is a widely-known writer and student of financial subjects. His statement was issued from the office of the Monetary Standards Inquiry in the Graybar Building.

"Participants in the inquiry will include such outstanding monetary and trade authorities as Eugene E. Agger, New Jersey State Department of Banking and Insurance, Trenton, N. J.; J. B. Condliffe, Carnegie Endowment for International Peace, Washington; Charles O. Hardy, temporarily with the Government on leave of absence from the Brookings Institution, Washington; Frank D. Graham, Professor of Economics, Princeton University, Princeton, N. J.; Elgin Groseclose, recently financial adviser to Iran and now in Washington; Dickson H. Leavens, Cowles Commission, University of Chicago, Chicago, Ill.; Charles A. McQueen, Office of Coordinator of Inter-American Affairs, Washington; Walter E. Spahr, Professor of Economics, New York University, New York; Amos E. Taylor, internationally recognized balance-of-payments expert, Washington, and Arthur R. Upgren, economist and Vice-President, Federal Reserve Bank of Minneapolis, Minneapolis, Minn.

"Mr. Bratter, director of the Inquiry, formerly was with the Department of Commerce and the United States Treasury, specializing in Far Eastern financial and monetary problems. Earlier he was statistician of the Chinese Government Bureau of Economic Information and has published numerous books and articles on monetary questions.

"Explaining the objectives and procedure of the Monetary Standards Inquiry, Mr. Bratter stated:

"'The end of the war doubtless will find monetary conditions the world over in a state of confusion and chaos never equalled in history. Inflation will be rampant in many countries, and threatened in others. The foreign exchanges will be subject to numerous profound uncertainties. Peoples everywhere will be eager to begin reconstruction and to return to normal ways of life, but they will be hampered so long as they remain in daily fear of depreciation in the currencies they must use to carry on their business. Foreign trade, in particular, cannot be returned to normal channels while currency quotations fluctuate widely.

"'The Monetary Standards Inquiry is being conducted on the assumption that while avoiding prejudices and renewal of old controversies, it is of the greatest importance at this time to evolve monetary arrangements that will solve effectively the urgent problems that will confront us in the post-war world. It does not help us to say that some type of monetary arrangement did or did not work at a certain time in the past. The crucial question before us today is: "What is needed to place currencies on the soundest, strongest possible basis after the war?"'

"'Because of the general recognition that unsound monetary conditions in any country affect adversely the rest of the world, the opportunity for international co-operation in the monetary field is unparalleled. There is every reason now to consider the whole problem of monetary stabilization.'

"The Inquiry is being conducted on the following basic assumptions:

"1. A high degree of stability of foreign exchange rates is desirable to facilitate international trade and other economic relations.

"2. Stability of foreign exchange rates must rest primarily upon a reasonable measure of equilibrium of the balance of international payments of each country, which in turn requires political and economic stability outside the strictly monetary sphere.

"3. Devaluation 'wars" do no good, but rather work serious harm to the nations involved.

"4. The balance of international payments of every country will, at times, develop favorable or unfavorable tendencies, requiring the employment of a settling medium or media, whether some commodity like gold or silver or a mere credit device."

U. S. Rejects Argentine Plea For Lend-Lease

The Argentine Government's request that the United States furnish arms and munitions to that country under the Lend-Lease Act has been declined, the State Department revealed on Sept. 7, in making public an exchange of notes between Secretary of State Hull and the Argentine Foreign Minister, Vice Admiral Segundo Storni.

Mr. Hull's reply made plain this government's disappointment over Argentina's failure to sever relations with the Axis, as she agreed to do in a resolution as the Rio de Janeiro conference of Foreign Ministers of the American republics.

In United Press Washington advices of Sept. 7, it was reported:

Mr. Hull categorically rejected each of Admiral Storni's pleas including one for a "gesture of genuine friendship" from President Roosevelt such as "the urgent provision of airplanes, spare parts, armaments and machinery."

Mr. Hull's letter, dated Aug. 30, was in reply to one from Admiral Storni Aug. 5, and was sent with the approval of Mr. Roosevelt.

Challenging Admiral Storni's contention that Argentina is helping the United Nations with all power consistent with popular Argentine opinion, Mr. Hull noted that "neither the present Argentine government nor its predecessor has at any time evidenced a disposition to strengthen the security of Argentina by having Argentine military and naval forces take part in measures designed for the defense of the hemisphere. . ."

In Associated Press accounts from Washington it was stated:

"In reply Mr. Hull made three points:

"1. Only Argentina, of the 21 American republics (13 of whom have actually declared war) has not broken off relations with the Axis, nor has Argentina severed financial and commercial relations, and as a result has authorized financial transactions beneficial to the enemies of the United Nations.

"2. Axis agents continue to engage in espionage activities in Argentina, which is costing the United Nations ships and lives. They spread Axis propaganda, and their publications receive supplies of newsprint at favorable prices through the intervention of the Argentine Ministry of Agriculture.

"3. Argentina is the only American republic still maintaining radio-telephone and radio-telegraphic communication with Japan, Germany and Italy.

"All these, said Mr. Hull, were contrary to inter-American agreements to which Argentina had fully subscribed. They explained convincingly, he indicated, why Argentina's neutrality had not been 'understood.'"

From the same account from Washington we quote:

"Admiral Storni contended Argentina was pro-Ally. He intimated, however, that his country could be accused of stab-in-the-back tactics if she changed now from neutrality to open warfare.

"Admiral Storni, in his letter, recalled the military coup that placed Gen. Pedro Ramirez's government in power, and said that the present administration was not Fascist nor even sympathetic with the Axis.

"Argentine sentiment, eminently American, firmly opposed to totalitarian regimes, is on the side of the United Nations in material and spiritual action, he declared.

"Admiral Storni acknowledged that 'defeat is inexorably drawing closer to the Axis,' but that to break off relations now would put Argentine chivalry to a hard test. 'Let it suffice,' he said, 'to recall the judgment which Italy merited when, in a similar situation, it took its position against defeated France.'

"Meanwhile, the Admiral continued, the Axis countries have nothing to hope for from Argentina, and 'public opinion is daily more unfavorable to them, but this evolution would be more rapid and effective for the American cause if President Roosevelt should make a gesture of genuine friendship toward our people; such a gesture might be the urgent provision of airplanes, spare parts, armaments and machinery to restore Argentina to the position of equilibrium to which it is entitled with respect to other South American countries.'"

As to the allotment of lend-lease supplies by the United States, the United Press advices from Washington Sept. 7 stated:

"In alloting lend-lease supplies to other American countries, Mr. Hull said, the United States has been concerned solely with questions of hemispheric defense.

"Since Argentina, both by its words and its actions, has indicated clearly that the Argentine armed forces will not under present conditions be used in a manner designed to forward the security of the New World, and thereby the vital war interests of the United States, it would be impossible for the President of the United States to enter into an agreement to furnish arms and munitions to Argentina under the lend-lease act, he said.

"Because of her attitude, he continued, Argentina is finding herself excluded from the 'studied discussions, meetings and arrangements designed to solve post-war problems.'"

Following his failure to obtain aid, Mr. Storni resigned as Foreign Minister on Sept. 9 "to facilitate the future action of the Argentine Government." President Pedro Ramirez accepted the resignation.

Bowles Says Hourly Wage Rate Study Stresses Need For Reducing Living Costs

Acting Price Administrator Chester Bowles declared on Sept. 5 that the War Labor Board's recently published analysis of the movement of hourly wage rates since last fall confirms the need to carry through the Administration's program for reducing the cost of living. "Wage rates," he said, "that is, the basic rate paid to a worker for each hour of work or unit of output, have been effectively stabilized by the War Labor Board at the levels of September, 1942. On the other hand, the cost of living rose by 6.2% between Sept. 15, 1942, and May 15, 1943."

Stating that "for the past three months the cost of living trend has been reversed," Mr. Bowles added

"The cost of living was reduced in June and July, and we expect another decrease to show in the BLS cost of living index for August. But there is still some way to go. We still have to bring about a reduction of 4.5% before prices are brought into line with stabilized wage rates."

Mr. Bowles further said, "You have to remember, that under the stabilization agreement we are dealing with the relation between the cost of living and hourly wage rates—not weekly earnings. Hourly wage rates have been effectively stabilized, as directed by Congress, at the levels of Sept. 15, 1942. The only thing that can and should be stabilized is hourly wage rates. To attempt to freeze total weekly earnings would be both unfair and disastrous. It would be unfair because men cannot be expected to work harder, at higher skills and more hours per week for the same weekly pay. It would be disastrous because it would wreck the policy of getting maximum production from our limited manpower. Businessmen would rightly object if, in the field of price control, their total earnings were frozen regardless of how many units of goods they produced and sold."

Mr. Bowles stated that he felt it necessary to make this statement because "some people had drawn erroneous interpretations from OPA data on hourly and weekly earnings that had no direct bearing on the program for reducing the cost of living." According to Mr. Bowles, these people had "jumped to the conclusion that the OPA saw no necessity for reducing prices because average weekly and hourly earnings had increased more rapidly than the cost of living." He continued:

"Of course, that is wrong. So far as this agency is concerned, we intend to do everything possible to continue and speed up the reduction in the cost of living. We want to see the cost of living figures reduced to the point at which wage rates were stabilized. We know the large percentage of the American people agree with us.

"Organized labor is supporting this program to cut the cost of living. They work for this program, rather than press for higher wage rates, and I think their position is a credit to the statesmanship of their responsible representatives."

It was added that the recently published WLB analysis of wage rates shows that increases in rates of pay approved by the War Labor Board in manufacturing occupations totaled only 0.8% between Sept. 15, 1942, and May 15, 1943. Increases in pay rates approved by the War Labor Board in other private non-farm employment averaged only 0.4% during the same period.

A promise by Mr. Bowles that the cost of living will be restored to the September 1942 levels, was referred to in our Sept. 9 issue, page 1019.

Farm Land Up 8% In Chicago Res. Dist.

A rise of 8% in land values in the Seventh (Chicago) Federal Reserve District during the second quarter of 1943 was reported on Aug. 31 by the Federal Reserve Bank of Chicago. The summary is based upon the reports of 600 country bankers in Iowa and the Seventh District parts of Illinois, Indiana, Michigan and Wisconsin. In the opinion of the reporting bankers the greatest rise was shown for Iowa with an increase of 11%. A rise of 9% is shown for Indiana while Michigan and Illinois increases amounted to 8%, with a rise of nearly 4% reported for Wisconsin. The rise in values is based upon current sale prices of farm land in the farm territories.

The Reserve Bank's announcement further stated:

"Increases were rather general throughout Iowa, Illinois and Indiana, although the section in Indiana visited by heavy floods this spring showed a somewhat smaller rate of increase than for the rest of that State. Values in the northern half of the lower peninsula of Michigan showed a smaller rate of increase than in the southern half. The rises in Wisconsin were mostly confined to the area between Iowa and Lake Michigan and along the lake shore to the north. Little or no change, and in fact some declines were reported in the west-central portions of Wisconsin.

"Activity in the land market is reported as quiet to moderately active throughout the District, although brisk activity is reported by a few bankers in northwestern Iowa, southeastern Wisconsin, northeastern Illinois and southwestern Michigan."

Result Of Treasury Bill Offerings

The Secretary of the Treasury announced on Sept. 13 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated September 16 and to mature December 16, 1943, which were offered on September 10, were opened at the Federal Reserve Banks on September 13.

The details of this issue are as follows:

Total applied for—$1,535,294,000.

Total accepted—$1,008,342,000 (includes $76,164,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.911 Equivalent rate of discount approximately 0.352% per annum.

Low—99.905 Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905 Equivalent rate of discount approximately 0.374% per annum.

(64% of the amount bid for at the low price was accepted.)

Since the amount of bills maturing Sept. 16 totaled $1,000,489,000, the Treasury did not realize any "new money" from the bill offerings this week. For the past eight weeks, the Treasury has been receiving approximately $100,000,000 weekly from the bill offerings.

Principles Of "Democracy First" Only Basis Of Lasting Peace, Wallace Declares

(Continued from first page)

(Rep., Minn.), Burton (Rep., Ohio), Hatch (Dem., N. M.) and Hill (Dem., Ala.).

Mr. Wallace also took occasion to denounce "international freebooters" and "monopolistic cartels."

An abridged text of the Vice-President's address follows, as given in Associated Press accounts from Chicago:

Those of you who must read the McCormick press know the inevitable conflict is here. Now—not tomorrow. We shall soon know whether the common man shall have "Democracy First" or whether under the smooth phrase "America First" the common man shall be robbed. Beautiful advertisements and slick editorials say, "Let our soldiers come home to America as it used to be." What they are really saying is, "Let us go back to normalcy, depressions, cartels and a war every 25 years."

In World War I we fought to make the world safe for Democracy. We failed, Hitler rose, and the Second World War came on because we were not sufficiently concerned with the plight of the common man the world over. We did not realize that economic democracy must be combined with political democracy or political democracy would die. Hitler exploited our failure to establish an economic democracy by starting World War II. If we are to prevent a second Hitler and World War III, we must be more daring than we were 25 years ago. We must fight not merely to make the world safe for democracy but to give democracy first place in the world. Some people say, "America first." Under that slogan we can have only war, because under it envious, hungry peoples, the have-not nations with per capita resources less than one-fifth our own, will inevitably rise up to tear us down. The battle cry, "America First," means that sooner or later we shall find ourselves alone, encircled by and fighting against a hostile combination. But the slogan "Democracy First," intelligently followed up and vigorously applied, can lead to peace. As a matter of fact, it is only by applying the principles of "democracy first" that we can have any chance of lasting peace.

The slogan "Democracy First" means the supremacy of freedom in both the economic and the political world. Freedom means respect for the dignity of the individual. No man should be free to take another man's freedom away from him. God gave every one of us certain rights. He gave all of us a world rich in soil and minerals. And to many of us he gave such scientific understanding that we know it is now possible to build health, comfort and happiness for everyone. If we plan right, there can be freedom from hunger and freedom from the fear of a poverty-stricken old age. The farmer can be free of his fear of impossibly low prices for what he sells and outrageously high prices for what he buys. The business man can be free from the fear of those monopolies and international cartels which use unfair practices in buying from him, selling to him or competing with him.

In the world of modern technology the possibilities of abundant production are so great that it is only a question of time until we can bring the blessing of freedom from want to every one. Two hundred years ago freedom of discussion and freedom of religion meant more to people than freedom from want. Those were the days when men on the farm and in the workshop were only about one-tenth as efficient as they are today. There was little talk about freedom from want in those days because nearly every one thought scarcity was the will of God. Therefore, attention was centered on political freedom, on freedom of expression and freedom of religion, on the right to be secure in one's own home. With the old-line Tories having things their own way in England and France, it was necessary to have a people's revolution to launch the idea of political freedom. We in the United States told the world what we were fighting for in the Declaration of Independence. Our first action after adopting the Constitution was to improve that Constitution by adding to it the Bill of Rights so as to make it certain that political democracy would always be the fundamental law of the United States. We shall never give up the freedom embodied in the Declaration of Independence and the Bill of Rights. But that freedom is not enough. Each age demands a new freedom. The time has come for a new declaration of freedom which adds to, and makes secure, in an age of airplanes, radio and abundance, the freedom for which our fathers fought. Our new declaration must go on to cover freedoms we haven't got now but which we must have.

Three of the President's famous Four Freedoms deal with freedoms which we in the United States have long enjoyed. The Fourth Freedom which must be the essence of the new declaration of freedom is freedom from want, which I would spell out as follows:

1. Freedom from worry about a job.
2. Freedom from worry about a dependent and poverty-pinched old age.
3. Freedom from unnecessary worry about sickness and hunger.
4. Freedom from strife between workers and business men, between farmers and business men, and between workers and farmers.
5. Freedom from strife between the races and creeds.
6. Freedom from fear of bankruptcy caused by overproduction of necessary materials.
7. Freedom for venture capital and for inventors of new ideas to expand production of needed goods without fear of repressive cartels, excessive taxation or excessive Government regulation.

The first step toward getting the seven new freedoms is to pass through the Senate of the United States some such resolution as No. 114, which provides for the United States taking the intiative in calling meetings of the United Nations. This resolution looks toward a court or board to listen to international disputes, a military force to prevent military aggression, and the gradual addition of such other machinery as may be necessary. I am for the resolution as far as it goes, but it doesn't go far enough. There should be provision for joint action on the problem of unemployment and overproduction due to international causes. There must be power to deal with those international cartels which are strangling production, competing unfairly or using methods which lead to war.

During the past two months Senators and Congressmen speaking on behalf of Resolution 114 have received a marvelous reception wherever they have gone. Next Tuesday Congress again takes up its duties. Ninety-six Senators and our President will determine what we are going to do about peace. Their action will largely depend on what they think you and millions like you are willing to do to get peace.

There is no time to be lost. Now is the time to strike while the war irons are hot. The war is costing us 10 times what it should because the democracies were not prepared. The peace also will cost us 10 times what it should if we do not begin preparing now. We can arrive at understandings now which we can't get next year. The memory of the airplanes, tanks, food and men from the United States is so recent and means so much to England, Russia and China that they can't help being grateful. In like manner we are impressed today by the skill of the British airmen, the tremendous drive of the Russian armies and the patience of the Chinese after six years of fighting a treacherous foe. Today we all face reality and are grateful for the help of friends. But tomorrow millions of us may forget, and curse Europe and Asia as the cause of our woes. All nations tomorrow will too easily slump back into the selfishness which makes peace merely an interlude to war.

Isolationism is the screen behind which special privilege seeks to entrench its control. When I say this, I am not talking about people who honestly believe the United States could isolate itself from the problems of the rest of the world. Certain of the people whom I have known personally have devoted their lives to the elimination of special privilege. Senator Norris, who fought more vigorously against special privilege than any man of his generation, was at one time an isolationist. But men of Senator Norris's insight and motivation sooner or later realize that not only are isolationism and special privilege theoretically the same thing but that the men who back isolationism in the economic world have a very keen interest in special privilege. Isolationism and special privilege spoke with equal force to produce the peace of Munich. Wherever isolationism is being pushed most vigorously, there in the background can usually be found, furnishing money and power, monopolistic cartels. These cartels are customarily seeking tariffs, quotas, subsidies or other governmental favors which are the breeding ground of isolationism.

Senator Ball, who is with me on this program here tonight, and who, as far as I am able to discover, has the same ideas on international monopoly as I, is a Republican. The difference between us is that he thinks the forces of monopoly are more likely to dominate the Democratic Party, and I am sure that the same evil forces are in much greater danger of dominating the Republican Party. Wherever these forces are found, our job is to fight them. Those groups which rule over economic empires have usurped the sovereignty of the people in international relations. We talk about a foreign policy based on reciprocal trade treaties and on open covenants openly arrived at with the advice of the Senate responsible to the people. This is good as far as it goes but the facts have not squared with the principle.

In reality, much of our economic relationship with the rest of the world has been governed by a small group seeking to parcel out the resources and markets of the world so as to control production, prices, distribution and the very life-blood of world industry. These cliques have their own international government by which they arrive at private quotas. Their emissaries are found in the foreign offices of many of the important nations of the world. They create their own system of tariffs and determine who will be given permission to produce, to buy and to sell. When I attack these monopolists, these creators of secret, super-government, I am not attacking business. I am speaking for business because the overwhelming majority of business men as well as practically all consumers are forced to pay tribute to these international freebooters. They talk about freer trade, but by dividing up world markets, restricting production, stifling investment, playing one nation against another, they have unwittingly fostered world depression and maintained economic feudalism. By eliminating competition, they have replaced true capitalism with the dead hand of monopoly. Pope Pius XI, 13 years ago, spoke truly about these men when he said: "This concentration of power has led to a threefold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then, the fierce battle to acquire control of the State, so that its resources and authority may be abused in the economic struggle; finally, the clash between States themselves."

Let us not be deceived into thinking that attacks on cartels are attacks on American business. On the contrary, cartels are the greatest menace to the American business principles of free private enterprise and equal opportunity. Ask the American business man who has felt the weight of monopoly, patent control and cartel oppression.

This whole matter takes on great practical importance as we consider the terms under which monopolists will obtain United States Government constructed war plants. These plants can be used to produce post-war abundance for the common man. The problem is whether the small business men are going to be elbowed to one side—whether free enterprise is to be smothered by monopolistic controls worked out by big business men holding Government ringside seats. Planning to give small business its full, practicable post-war share of war-plant facilities and equal access to raw materials must begin at once. Otherwise there can be neither free enterprise nor full employment in the peace to come.

And now let us focus on the immediate objectives of the common man:

1. Hitler, Mussolini, and what they stand for, must be wiped out as soon as possible.
2. The time to dictate peace terms is when our armies are in Berlin and Tokyo.
3. The international monopilists should be conspicuous by their absence at the peace table.
4. The air space above this earth must be used to serve the needs of trade and travel for the common man. A proper degree of competition will insure the best service at the lowest cost. Government subsidies, if any, must be used to promote the common man's interest in trade and peace and not to preserve monopolies or to promote destructive international rivalries. If the airplane is to be an instrument of peace rather than an endless threat of war, there must be international cooperation.
5. International organization can build permanent peace only by serving continually the needs of the common man everywhere for jobs, opportunity, health and security.
6. Isolationism, whether it be by stifled patents, cartel understandings, high tariffs, or any other method of restrictive greed, must continually be fought.
7. Arrangements made by international cartels should be publicly recorded. The Department of State and Justice and the Patent Office must be continually alert to the possibility of secret agreements in addition to the written ones which should be on file.
8. Free enterprise demands freer travel between the nations and less passport, visa, and custom foolishness. We need more free moving, enterprising business men and fewer secret agents and monopolists.
9. Backward peoples everywhere must be educated by examples for full production. Free enterprise thoughtfully planned will result in power projects on the Danube, irrigation works in India, flood control in China, and as a result of it all, the common man in every country will prosper, jobs will be created in Chicago and Detroit, and there will be a better market for the Iowa farmer right here at home. Such self-liquidating projects will not be gifts of the United States, but we can furnish engineering services and finance sales of machinery.

Senate Resolution 114 is a step toward a people's peace. A people's peace is the gateway on the path to the century of the common man. In the century of the common man Rule No. 1 is the full use of all natural resources on a sustained basis. Rule No. 2 is full use of all technologies. Rule No. 3 is to use these resources and technologies so that every one working in hope can come every night to a peaceful rest in the expectation of another day of hopeful work tomorrow.

The common man will not let the governments, corporations and cartels of the world rest until these three rules are fulfilled. America cannot do this job by herself, because in such case her standard of living, so far above the rest of the world, may bring on envy and finally war. America's only safety and guarantee of high living standards is in world-wide full use of natural resources, and a world-wide rise in living standards as rapid as her own.

There is certain to be revolution until the seven freedoms are obtained and the three rules are fulfilled. The only question is the speed of the revolution and whether it will be peaceful or violent. The returning soldiers and war workers will not tolerate bread lines, closed factories and bursting grain elevators after the style of 1930-32. Leadership will arise. If it be of the thoughtless or demagogic Nazi type, there are troubled days ahead. Monopolies which finance demagogues to cut the throat of progress and to despoil labor are playing with a fire which will burn down their own houses.

And so I ask all the potential leaders of agriculture, business and labor to take counsel with themselves and with the politicians. Time will not wait. The breath of the future is on us as it has never been before. We cannot escape. The day about which the prophets and seers of many nations have dreamed for 3,000 years is rapidly approaching. May wisdom and understanding guide our President and the 96 Senators as they try to make the dream of universal peace a reality.

NYSE Borrowings Lower

The New York Stock Exchange announced on Sept. 8 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Aug. 31 was $595,695,164, a decrease of $22,888,322 below the July 31 total of $618,583,486.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $159,509,300; (2) on all other collateral, $436,185.864; reported by New York Stock Exchange member firms as of the close of business Aug. 31, 1943, aggregated $595,695.164.

The total of money borrowed, compiled on the same basis, as of the close of business July 31, 1943, was: (1.) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $127,753,897; (2) on all other collateral. $490,829,589. Total, $618,583,486.

Dr. Butler Calls Freedom Of Enterprise Base For Other Four Freedoms

Dr. Nicholas Murray Butler, President of Columbia University, said on Sept. 5 that to the Four Freedoms of the Atlantic Charter must be added a fifth freedom, Freedom of Individual Enterprise, "the keystone of the arch on which the other Four Freedoms must rest."

Delivering his 17th annual address at the Parrish Memorial Art Museum, Southampton, L. I., Dr. Butler asserted that the "fifth freedom" is the most important of all and that it is to the "people of these United States that this modern world may well look for commanding and convincing illustration of this fifth freedom."

In the New York "Herald Tribune" of Sept. 6, Dr. Butler's remarks were further reported:

"This fifth freedom is in reality the cornerstone of the foundation upon which the other Four Freedoms must rest," Dr. Butler said. "It recognizes that the individual human body, the individual human intellect and the individual human soul are fundamental and the moving and guiding forces in any form of true civilization."

Within the broad scope of the fifth freedom, Dr. Butler asserted, "no individual must be looked upon as a member of a permanent class or group." A person must be free to "move about as he likes economically, socially and politically," Dr. Butler added.

Dr. Butler cited the vast field of opportunities in the United States as a means of implementing the meaning of the fifth freedom.

"The Army private of today is the major general of tomorrow," Dr. Butler continued. "He who begins his life as a manual worker or as a clerk may, as we well know, come to wield large influence and authority as an administrator, an organizer of men and of industry. This is the secret of true progress. Given the fifth freedom, then the other Four Freedoms take their place as part of the life of every free man."

Dr. Butler contended that "most of what the free man does to advance himself in life is done in co-operation with his like-minded fellow men." The corporation in industry, finance, education or elsewhere, he said, has long been a "most effective instrumentality in enabling individuals to co-operate in the public service."

"There is an insurmountable barrier between voluntary and compulsory co-operation with one's fellow men," Dr. Butler observed. "The latter is inconsistent with the fifth freedom and violates both the principles and the ideals of modern democracy."

Dr. Butler said that every individual must be trained and encouraged to make the most of opportunities. From such opportunities, he said, some will gain considerable personal influence, some large fortunes and others reputations in the arts and sciences. "All these," he added, "are manifestations of the fifth freedom of individual enterprise."

Freedom creates government and it is fallacious to reason that in a democratic society government comes first and that freedom exists "incidentally and afterwards." Dr. Butler continued. It is vitally important, he said, that government "must be guided and controlled by the voice of the entire people whose government it is."

Dr. Butler warned that the government must never be guided and controlled by "organized and self-seeking groups working only for their own advantage and authority."

Dr. Butler asserted that "if and when there are two highly organized political parties, one liberal and one conservative, we have the almost ideal organization for the choice of carrying on of governmental policies by public opinion." He said the conservative moves slowly in making changes while the liberal looks forward to changes even at the cost of changing, "sometimes in large degree, the details of the organization and practice of government itself."

When the conservative holds back too long, Dr. Butler said, the liberal wins in the next election. And when the liberal moves forward too rapidly, the conservative displaces him in public opinion. All these "happenings," Dr. Butler held, are part of the fifth freedom.

"Therefore it is the fact that the fifth freedom, the Freedom of Individual Enterprise, is the keystone of the arch on which the other Four Freedoms rest," said Dr. Butler. "This is what freedom means."

Dr. Butler said that when peace comes, it may be found desirable to "propose and urge migration from one part of the world to another." He thought that in future years it may prove useful and helpful if still sparsely settled parts of Asia, Africa and the Americas "should increase their populations in order to multiply their productive economic capacity and develop and to relieve pressure elsewhere."

Dewey 'Anti-American,' Says Chicago 'Tribune'

The Sept. 7 issue of the Chicago "Daily Tribune," published by Col. Robert R. McCormick, contains an editorial entitled "Gov. Dewey Goes Anti-American," criticizing the New York executive's declaration for an Anglo-American military alliance. The editorial follows in part:

"Gov. Dewey's sincerity in asserting that he does not want the Republican nomination for President next year becomes an academic question with his Mackinac declaration for an Anglo-American military alliance. By going the anti-American way, he has secured his four-year tenure at Albany against interruption by a call to higher responsibility.

"Gov. Dewey's action will occasion more sorrow than surprise among the Republican voters of the nation. They have hoped that behind his personality they might find the solid principles requisite in a national leader, but they have not been unwarned of his tendency to compromise principles for what he deems to be immediate political advantage.

"The Governor is a tragic example of a man who was not quite big enough to rise above his immediate environment. In his anxiety to hold New York City he has lost the nation. He might have been warned by his own experiences. In 1940 he had the nomination clinched when he compromised his Americanism. At Philadelphia he saw his seducers throw him over for Willkie. The roll call showed that it was the votes pledged to Dewey that put over the Bare Faced Fraud. The internationalists were not satisfied by half aliegiance when they saw the opportunity to put over the man they owned body and soul.

"His horizons thereafter narrowed instead of widened. He thought it necessary in 1942 to relax his principles a little further to win the Governorship of New York. Recently at Columbus he demonstrated such lack of familiarity with the problems and trials of western agriculture as to lay himself open to rebuke by a middle western Democrat, Gov. Schricker of Indiana.

"Now he has finished the pilgrimage to Downing Street by way of Wall Street. He has bought and been bought by the prospect of millions for his campaign fund from New York bankers, but he has lost the millions of votes of New York Republicans as surely as he has lost the support of voters in the more American States. They now have no recourse but to repudiate him as a deserter.

"Gov. Dewey might well have been warned by the poll, just completed by James S. Kemper of Chicago, of the 1940 Republican Convention delegates. More of them than supported any other candidate gave their opinion that, as of a few days ago, Gov. Dewey was the strongest candidate the party could choose next year. At the same time a large majority of them named Mr. Willkie as the weakest candidate who could be foisted on the party. Gov. Dewey now embraces openly the principles that have destroyed Mr. Willkie.

"Let there be no misunderstanding as to the nature of the alliance that is proposed. There have been no concessions by the British. It is we, not they, who would propose the alliance. Mr. Churchill has said that he has no intention of liquidating the British Empire. The Empire that we would be expected to defend would be the Empire that includes the open sore of India, the Empire that discreetly evades the question of Chinese sovereignty over Chinese Hongkong, the Empire that upbraids our State Department for not supporting wholeheartedly its design for an Anglophile France, the Empire that today is eyeing Italian Pantelleria and Libya and French Bizerta.

"It is not for the United States, in the midst of a war that has demonstrated that the British Empire cannot survive without our support, to propose such an alliance. The proposal should come from the party who expects to benefit. It is for us then to reject or accept, and if we should accept, to set the conditions of our acceptance."

Burton Urges Outline Of Peace Policy Now

The United States should not wait until peace has been achieved before making known its position on the continued unity of military action among the United Nations, Senator Burton (Rep., Ohio) declared on Sept. 12.

Mr. Burton spoke at a rally in New York City to enlist support of the resolution pledging the United States to take the initiative in setting up a post-war international organization to secure the peace. The Senator, who is one of four sponsors of the Ball-Burton-Hatch-Hill resolution, was quoted in the New York "Herald-Tribune" of Sept. 13 as saying:

"It is not important that this resolution be adopted under its present number, in its present form or under its present sponsorship. Its substance and objectives, however, are important. . . . It is vital that the foreign policy of the United States be a clear and practical policy to prevent the tragic repetition of two world wars in one generation."

The same advices stated:

"Senator Elbert D. Thomas, Democrat, of Utah, said that the resolution, introduced by two Republicans and two Democrats, deserves and is receiving overwhelming support. He said that he could not agree with those who urge a cooling-off period between the unconditional surrender of Germany and the drafting of peace settlements by the United Nations.

"Peace settlements should be prepared before hostilities cease, and in those cases in which that is impossible, the methods of solving them should be agreed upon," he said. "The United Nations should be organized as quickly as possible, so that when the war ends the universal structure of peace to promote economic justice and to prevent aggression by whatever means or force necessary, will be ready for man's use."

Ration Banking Reimbursement Increased American Bankers Association Announces

Banks throughout the nation have been notified by the Ration Banking Committee of the American Bankers Association and by the Office of Price Administration of a new reimbursement schedule based on the experience had with ration coupon banking service in the first few months of operation, it was announced on Sept. 7 by the ABA. In its advices the Association points out that the original schedule was predicated on a test made in a limited area under a rationing system that included only three commodities, coffee, sugar and gasoline. The announcement goes on to say:

"This was before the processed foods, meats and fats and other commodities were added to the rationing program. Shortly after the start of nationwide ration banking it became evident that the schedule was inadequate and the American Bankers Association requested an upward revision. This was in line with an agreement made at the outset of the program between the ABA and the OPA. The new schedule now announced is the result.

"The OPA engaged the accounting firm of Driscoll, Millet & Co. to make a study of ration costs in 30 banks of varying sizes in the Middle West, East, and South. The Ration Banking Committee of the American Bankers Association went further and made its own survey, seeking data on their costs from 700 banks, mostly smaller banks, representative of every section of the country, with which to implement its discussions with the OPA. Out of these discussions, agreement was reached on the following revised schedule:

For the first account opened for any depositor at any one office of the bank—60c.
For each additional account opened for the same depositor at the same bank office—20c.
For each account carried on the books of the bank on the 15th day of each month—10c.
For each deposit made—5c.
For each item included in the deposit—1c.
For each ration check properly debited to an account—4c.
Reports and regulations charge each month*—$20.
Verification charge for each envelope verified—20c.

"Method for meeting the cost involved in forwarding envelopes to the District Office of the Office of Price Administration is still under discussion.

"This schedule is retroactive to July 1 and banks will be reimbursed for their costs of operation under it as of that date.

"In addition to the upward revision of the reimbursement items, two new items have been added, one, a 'reports and regulations charge,' to cover the cost of the many memoranda and directives which the OPA finds it necessary to issue and the costs of making monthly reports. This item is designed especially to aid the smaller banks which do not enjoy the advantage of large volume and activity and resultant advantage of economical operation with respect to purchase of supplies. The other is a 'verification charge' to cover the cost of counting the contents of coupon envelopes deposited. This 'verification charge' will be retroactive only to Sept. 1.

"In its bulletin to the banks announcing the new reimbursement schedule, the Ration Banking Committee of the ABA also reports on the status of the proposed plan of the OPA to simplify rationing operations by introducing the use of tokens. It states that the project is still in the planning stage."

It is also announced that the committee's bulletin states that:

"According to estimates of the Office of Price Administration, the token plan will remove approximately 70% of the coupons now in circulation. Too, it will eliminate the bothersome expiration dates and will simplify operations through the use of a one-domination stamp. From a banking standpoint the reduction in the number of coupons will also facilitate the early adoption of a sound method of verification. . . . Provision for the cost of handling the tokens will be made by the Office of Price Administration after the plan is in operation. It is expected that the token plan will go into effect within three or four months."

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*Reports and regulations charge of $20 per month apply to each office for banks having branches, with a maximum of $100 per month for any one bank.

FDR Urges Increased War Output To Speed Victory For Allies

President Roosevelt, in his annual Labor Day statement, on Sept. 4 praised workers, employers and farmers for their record production effort but urged that it be increased still further for "its continuation will spell defeat of our enemies—the preservation of our way of life." The President's statement follows:

"Fifty-six years ago Labor Day was observed for the first time in the United States. Since then we have fought one World War to victory and now are engaged in another and even greater conflict upon the result of which depends the future of freedom-loving people the world over.

"With that priceless heritage at stake we are determined that this World War, too, shall result in victory so that life, liberty and the pursuit of happiness shall be the lot of man when he wills it and that he be not the downtrodden serf of brutal Axis masters. That determination is shared by all Americans, by workers, by management and by farmers.

"It is altogether fitting that these groups of free Americans are working today, many laboring on round-the-clock shifts, that our fighting men on land, on sea and in the air may have the weapons with which to bring about victory as speedily as possible.

"To make time, and thus save lives and suffering, our American workers, employers and farmers will need not only to maintain their production pace but to increase it. Their record to date has been magnificent and in keeping with the true American spirit of all-out effort for those fighting so valiantly and so successfully in all parts of the world.

"That increased production effort will be forthcoming. It will be given gladly for love of country and for liberty as it has been given since Pearl Harbor to set up a record that never has been equalled. We well may be proud of that achievement, for it has done much to make possible the successes of the armed forces of the United Nations. Its continuation will spell the defeat of our enemies—the preservation of our way of life."

Montague Says Post-War Anti-Trust Policy Should Include More Guidance To Business Men

The nation's post-war anti-trust policy should include more traffic lights, more traffic policemen and more guidance to business men on the highways of commerce, according to Gilbert H. Montague, New York lawyer.

Mr. Montague made this suggestion in a radio broadcast on Sept. 7 on the "American Forum of the Air." Other participants in the forum were Judge Thurman Arnold of the U. S. Court of Appeals for the District of Columbia and former head of the Justice Department's Anti-Trust Division; Tom C. Clark, Assistant Attorney General in charge of anti-trust cases, and R. V. Fletcher.

Mr. Montague said in part:

"When Thurman Arnold was Assistant Attorney General, he used to say that violating the anti-trust laws did not generally involve moral turpitude, but was more like passing through a traffic light at high speed, without intending to harm anyone.

"The simile was accurate, except for the traffic light.

"Mr. Arnold, as Assistant Attorney General, vigorously opposed traffic lights, traffic policemen, and every other legislative proposal for giving any guidance to business men on the highways of commerce.

"I think our post-war anti-trust policy should include more traffic lights, more traffic policemen and more guidance to business men, like what is now provided for the duration of the war by the Atorney General's April, 1941, procedure and Section 12 of the Small Business Act of 1942, under which clearance and limited immunity from anti-trust prosecution have been given to nearly 700 programs, after thorough investigation by the Department of Justice in consulation at all stages with other departments and agencies having particular knowledge of the subject matter.

"Instead of advocating traffic lights and traffic policemen, Mr. Arnold's method was to place several times that number of plainclothesmen on every corner, and to arrest and prosecute every business man who, in the confusion of no traffic lights and no traffic policemen, did not guess correctly when to stop and when to go.

"No one every ridiciuled this kind of crusade more bitingly than Mr. Arnold did in a book he published seven months before he became Assistant Attorney General. . . .

"A change was compelled by the war emergency, and in respect of transactions requisite to the prosecution of the war a traffic-light-and-traffic-policeman method of administering the anti-trust laws was accomplished under the Attorney General's April, 1941, procedure and Section 12 of the Small Business Act of 1942.

"This reform is partial, and long overdue, but it is in line with the administrative handling of the anti-trust laws which Mr. Arnold vigorously advocated before he became Assistant Attorney General, and just as vigorously opposed after he took that office."

No Change In Danish Minister's Status: Hull

Secretary of State Hull said on Sept. 2 that he would continue to regard Henrik de Kauffmann, the Danish Minister to Washington, as the duly accredited representative of Denmark in this country.

In a letter to Mr. de Kauffmann, Secretary Hull stated that he was "proud of this reaffirmation of your country's devotion to the principles of freedom and democracy" and expressed the sympathy of this country "for the sufferings already endured and still to come in Denmark."

It was stated in Associated Press accounts from Washington Aug. 30 that Mr. de Kauffmann visited James C. Dunn, Department of State political adviser, on that day seeking any information the American Government might have on events in Denmark. The Press advices added:

Reports that some Danish Government officials escaped in Sweden on board units of the Danish Navy may mean that details will be forthcoming when the officials reach Stockholm, Mr. de Kauffmann said.

"Since 1940," he declared, "I have been acting independently as a trustee for Denmark, since my government was not free. If there is no government now that will not change my position."

He intimated that if responsible officials succeeded in setting up a government in exile he would join forces with them.

Germany declared martial law in Denmark on Aug. 29, after the Danish Cabinet acted against a German demand for administration of justice by Nazi courts. The political upheaval resulted in the internment of King Christian and the resignation of Prime Minister Erik de Scavenius' government.

W. M. Jeffers Resigns As Rubber Director

William M. Jeffers has resigned as Rubber Director in order to return to his post as President of the Union Pacific Railroad, the White House disclosed on Sept. 4.

In his letter to President Roosevelt asking to be relieved, Mr. Jeffers stated that the "big job" is done and felt that his greatest contribution to the war effort would be to return to his railroad post.

The President, in accepting the resignation with regret, said Mr. Jeffers had performed "a real public service and you have my sincere appreciation."

The White House disclosed that the President had appointed Col. Bradley Dewey, Mr. Jeffers' assistant, as Acting Director of the synthetic rubber program.

Mr. Jeffers was appointed Rubber Director on Sept. 15, 1942, to carry out the recommendations of a special Rubber Survey Committee, headed by Bernard M. Baruch.

Mr. Jeffers' letter of resignation follows:

"Dear Mr. President:

"The big job covered by the recommendations of the Baruch report is done. The problem of taking care of the requirements of the armed forces and keeping the country on rubber, meanwhile conserving the nation's stockpile of natural crude, is well in hand, though there is a present and prospective shortage of tire fabric, which is the responsibility of the WPB.

"All of the major synthetic rubber plants, the construction of which is under the jurisdiction of the Office of Rubber Director, are either completed or substantially so, with the exception of three. Practically all of the material is available for the completion of these three plants, but inasmuch as they are dependent upon feed stocks from the 100-octane gasoline plants, there is no need for crowding their completion in advance of the availability of these feed stocks.

"The emphasis on the war in the Pacific will increase the already heavy burden which the Pacific Coast rail lines are now handling. With this increase of traffic and the shortage of manpower and fuel, the burden will become such that only heroic efforts will make it possible for these rail lines to meet the emergency.

"The greatest contribution that I can make in the present emergency is to return to an on-the-job handling of the operations of the Union Pacific Railroad.

"I hope, therefore, that I may be promptly relieved as Rubber Director.

"It is needless for me to say how appreciative I am to have been given an opportunity to serve you in this work.

"Sincerely your,
"W. M. JEFFERS."

The President's letter of acceptance read:

"Dear Bill:

"I have your letter asking to be relieved of further service as Rubber Director.

"When I asked you to leave the Presidency of the Union Pacific Railroad and undertake the development of the synthetic rubber program, I realized the sacrifice it would require of you. You had served in many capacities from Trainmaster to President of the Union Pacific. You justly have great pride in the organization and I know that you disliked leaving it for even the period I asked of you.

"Therefore, I understand your desire to return to the Union Pacific Railroad and, much as I dislike to have you leave the public service at this time, I cannot ask you to make a further sacrifice.

"In your letter you state that the 'big job' is done, though it may be many months before synthetic tires will be readily available for our civilian population generally. I know that you would not leave unless you felt confident you could make this statement. You have performed a real public service and you have my sincere appreciation.

"Sincerely your,
"FRANKLIN D. ROOSEVELT."

Interim Food Group Planning Formation Of Permanent World Body

The United Nations' Interim Commission on Food and Agriculture, which was set up in Washington in July after the Food Conference in Hot Springs, Va., has established several committees and panels looking toward the formation of a permanent international organization. This was announced on Sept. 9 by L. B. Pearson, Canadian delegate and Chairman of the Interim Commission, who said that it is not likely that plans would be completed before the end of the year.

It is reported that the groups set up by the Interim Commission will be concerned with three main problems: (1) a draft agreement regarding the obligations of governments to one another and to their peoples to raise levels of nutrition and standards of living; (2) studying the scope of work which the projected permanent organization will undertake, and (3) consideration of what activities the Interim Commission should undertake before the permanent body is established.

The committee studying the first problem is under the chairmanship of Enrico Penteado, Brazilian delegate, while the second is headed by Sir Girja S. Bajpai of India, and the third by H. P. L. Steenberghe of the Netherlands.

In addition, two panels of experts—one of economists and the other of scientists in the field of agriculture and nutrition — have been set up to advise on what activities the permanent body could undertake.

Organization of the Interim Commission was noted in these columns Aug. 5, page 526.

Post-War World Transport Plan Studied By U. S. Chamber

The International Transport Committee of the Chamber of Commerce of the United States will soon submit a report with recommendations to the organization's board of directors, it was announced on Sept. 1, following a two-day meeting in Washington, at which the need for converting the country's world-wide transport networks into permanent systems was stressed.

William K. Jackson, Vice-President of the United Fruit Co., Boston, and Chairman of the Committee, is indicated as stating that the meeting showed large areas of unanimous agreement on the part of the varied interests represented—shipowners, shipbuilders, airline operators, aircraft manufacturers, exporters, importers and others interested in international trade. The different viewpoints presented included those of the American Merchant Marine Institute and 16 domestic air lines which recently joined in a statement on foreign air policy. Ideas of Government agencies were given by members of the United States Maritime Commission and the Civil Aeronautics Board.

The following regarding the meeting was reported in a Washington despatch of Sept. 1 to the New York "Herald Tribune":

A principal point on which there was unanimous agreement was that extensive trade routes by both sea and air should be established under private ownership and operation as quickly as possible.

As soon as the ship tonnage situation eases sufficiently to permit it without interference with the war effort—even prior to the termination of hostilities—it was the view that as many ships as possible should be turned over to private operation in order to facilitate the early restoration of sound commercial practices and pave the way for a recovery of world trade.

In international air transport it was asserted that many new and challenging problems would have to be met. A question discussed extensively was whether the rights for privately owned planes to fly over designated routes in foreign countries, and rights of transit for commercial planes over similar routes, should be embodied in a general international convention or left to bilateral agreement as heretofore.

The organzation of international air services to be operated by United States citizens was discussed with a wide range of viewpoints. As in the case of merchant shipping the problem of disposal of surplus commercial-type planes now utilized for war transport purposes was recognized as of great importance, and it was agreed that disposal policies should be such as not to interfere with a reasonable program of future commercial airplane construction and continuous development of improved types.

Appointment of this Committee was noted in these columns of Sept. 2, page 933.

Military Armistice Granted Italy—Capitulation Approved By U. S., Britain & Russia

As was indicated in our issue of a week ago, page 999, the unconditional surrender of the Italian armed forces and the termination of hostilities between them and the armed forces of the United Nations was announced on Sept. 8 by Gen. Dwight D. Eisenhower, Commander-in-Chief of the Allied Force; his announcement was contained in a special broadcast from headquarters in North Africa.

In granting a military armistice, Gen. Eisenhower said that its terms had been approved by the United States, the United Kingdom and Russia.

The armistice was signed in Sicily on Sept. 3—the same day Allied troops invaded Italy—but it was agreed that the armistice would come into force "at a moment most favorable for the Allies and be announced simultaneously by both sides."

In his proclamation to the Italian armed forces, Marshal Pietro Badoglio, the Italian Premier, ordered the cessation of hostilities against the Allies but to "oppose attacks from any other quarter."

Under the military terms, the Italian Government binds itself "to comply with the political, economic and financial conditions of the Allies which will be imposed later," according to an announcement by Allied headquarters.

Simultaneous announcement by the Allies and the Italian Government was agreed upon in view of "the possibility of a German move to forestall publication of the armistice" by the Italians, headquarters said.

Gen. Eisenhower's announcement follows:

"This is Gen. Dwight D. Eisenhower, Commander-in-Chief of the Allied Force. The Italian Government has surrendered its armed forces unconditionally. As Allied Commander-in-Chief I have granted a military armistice, the terms of which have been approved by the Governments of the United Kingdom, the United States and the Union of Soviet Socialist Republics. Thus, I am acting in the interests of the United Nations.

"The Italian Government has bound itself to abide by these terms without reservation. The armistice was signed by my representative and the representative of Marshal Badoglio and it becomes effective this instant.

"Hostilities between the armed forces of the United Nations and those of Italy terminate at once. All Italians who now act to help eject the German aggressors from Italian soil will have the assistance and support of the United Nations."

Following is the text of Marshal Badoglio's proclamation:

"The Italian Government, recognizing the impossibility of continuing the unequal struggle against the overwhelminging power of the enemy, with the object of avoiding further and more grievous harm to the nation, requested an armistice from Gen. Eisenhower, Commander-in-Chief of the Anglo-American Allied Forces.

"This request has been granted.

"The Italian forces will, therefore, cease all acts of hostility against the Anglo-American forces wherever they may be met. They will, however, oppose attacks from any other quarter."

Jewish Holiday Mail Gift Parcels Overseas

Postmaster Albert Goldman of New York announces that gift parcels sent overseas to members of our armed forces of the Jewish religion in connection with the Jewish religious holiday Chanukah, season of gift giving, occurring this year on Dec. 22, may be accepted for mailing during the period from Sept. 15 to Oct. 15 for Army personnel, and up to Nov. 1, 1943, for Navy personnel, under the same conditions as apply to Christmas parcels for members of our armed forces overseas.

Patrons should indorse such gift parcels "For Jewish Holiday."

Foreign And Domestic Policy Statements Of Republican Post-War Advisory Council

Advocates U. S. Participation In Organization Among Sovereign Nations To Prevent Military Aggression

The Republican Post-War Advisory Council, at its meeting in Mackinac Island, Mich., on Sept. 7, adopted a report on foreign policy calling for "responsible participation" by the United States in an organization among sovereign nations to prevent future military aggression.

The Council also approved a report of its Committee on Domestic Problems urging an end to control of American civilian life by "bureaucratic decree."

The foreign policy declaration was submitted by a group headed by Senator Vandenberg of Michigan, while the domestic program committee was headed by Senator Taft of Ohio.

The reports were briefly referred to in these columns of Sept. 9, page 1015.

The texts of the reports follow:

Foreign Policy

The members of this Council are aware of the gravity of the problems our nation faces. We are fighting a desperate war, which must be won as speedily as possible. When the war is ended we must participate in the making of the peace. This puts upon the nation a triple responsibility.

(a) We must preserve and protect all our own national interests.

(b) We must aid in restoring order and decent living in a distressed world.

(c) We must do our full share in a program for permanent peace among nations.

At this time a detailed program for the accomplishment of these great objectives will be impossible, and specific commitments of this council of the Republican party, or by the nation, would be unwise. We cannot know now what situation may obtain at the war's end. But a specific program must be devolved in the months to come, as events and relations unfold.

Therefore we consider it to be our duty at the beginning of our work as an advisory council of the Republican party to declare our approval of the following:

1. Prosecution of the war by a united nation to conclusive victory over all our enemies, including

   (a) Disarmament and disorganization of the armed forces of the Axis.

   (b) Disqualification of the Axis to construct facilities for the manufacture of the implements of war.

   (c) Permanent maintenance of trained and well-equipped armed forces at home.

2. Responsible participation by the United States in post-war cooperative organization among sovereign nations to prevent military aggression and to attain permanent peace with organized justice in a free world.

In making this recommendation we ground our judgment upon the belief that both the foreign policy and domestic policy of every country are related to each other so closely that each member of the United Nations (or whatever cooperative organization perpetuating existing unity may be agreed upon) ought to consider both the immediate and remote consequences of every proposition with careful regard for

(1) Its effect upon the vital interests of the nation.

(2) Its bearing upon the foreseeable international developments.

If there should be a conflict between the two, then the United States of America should adhere to the policy which will preserve its constitutionalism as expressed in the Declaration of Independence, the Constitution itself and the Bill of Rights, as administered through our republican form of government. Constitutionalism should be adhered to in determining the substance of our policies and shall be followed in ways and means of making international commitments.

In addition to these things this Council advises that peace and security ought to be ultimately established upon other sanctions than force. It recommends that we work toward a policy which will comprehend other means than war for the determination of international controversy; and the attainment of a peace that will prevail by virtue of its inherent reciprocal interests and its spiritual foundation, reached from time to time with the understanding of the peoples of the negotiating nations.

In all of these undertakings we favor the widest consultation of the gallant men and women in our armed forces who have a special right to speak with authority on behalf of the security and liberty for which they fight.

It is determined that this Council make complete examination of the means by which these ends may be fully achieved with due regard for all American interests and responsibilities.

The Council invites all Americans to adhere to the principles here set forth to the end that our place among the nations of the world and our part in helping to bring about international peace and justice shall not be the subject of domestic partisan controversy and political bitterness.

Domestic Policy

Liberty at home.

Immediately at the end of the war we shall face the vital problem of reconstruction at home. A military victory abroad without preservation in America of the fundamental principles on which our way of life depends will be no victory. It will be a defeat. The way we meet the problem of reconstruction will determine whether the American way of life shall survive.

We will prepare an affirmative program designed to preserve to our people all the freedoms for which we fight throughout the world. Based on individual liberty, the independence of state and local government, and the independence of Congress and the courts.

That program must as promptly as possible return men to work and to industry with special attention to those who have made sacrifices by serving in the armed forces, take government out of competition with private industry and terminate rationing, price fixing and all other emergency powers. It must maintain full employment through private enterprise, and full production to furnish the goods and services so needed by our people. In so doing we must seek to make sure that the unemployment and insecurity of the years preceding the war do not return, and that hardship and poverty shall be prevented by a supplementary but comprehensive program of social security on sound principles.

We must eliminate all unnecessary regulation of the individual and of business, restore and protect small business which has been so recklessly destroyed and assure incentive and equal opportunity for the youth of America.

The present program of the New Deal Administration, with the enlargement thereof set forth in the reports of the National Resources Planning Board would wreck the country because the only remedy it proposes for any problem is unlimited government spending of borrowed money. It would socialize all industry. It would extend existing regulation until no man or woman could act, write, or live without governmental approval. It would substitute for American liberty the regimented existence of a subject people.

Our reconstruction, to insure real happiness, cannot be based alone on the improvement of standards of living, but it must be based upon the character of the American people, their religious faith, industry, morality, educated intelligence, and ingrained love of justice. Only thus will we remain a nation of free men who are masters of our own souls.

The Republican party is devoted to the Federal system of government by which basic rights and duties are reserved to the States, free of dictation and subject to the control of their people. These rights and duties the New Deal has arrogated to itself.

It has now multiplied the number of Federal civilian employees five times. Three million of them, three times as many as during the last war, regulate the lives of our people. The number of bureaus has so multiplied that every detail of American life is now regulated by bureaucratic decree.

The Republican party insists upon equality of opportunity for all Americans, regardless of race, color or creed, in the economic, educational, political and military life of the nation.

The production of food is vital to our armed forces, to the life of the people of our Allies.

The Administration's policies on man power and farm machinery and inexpert price regulation have long hampered production. Its bungling regulations issued through multitudes of overlapping agencies have interfered with farmers, processors, wholesalers and retailers, until the normal channels of trade have been completely disrupted. Many small operators have been forced out of business.

An immediate program of increased production and improved distribution must be adopted by a single agency clothed with full power over food in all of its aspects. Otherwise, we shall not only be without the means of relieving the starving people of Europe and Asia, but there will be the most serious shortage and hardships in the United States itself.

For the post-war period our agricultural program must seek to assure prices in the marketplace comparable to the prices of other commodities. Not only should no successful crops be eliminated, but the great field of new, improved and suitable crops must be explored and the greater industrial use of agricultural products should be vigorously encouraged. Our soil resources need to be conserved and sound reclamation projects should be developed.

The individual initiative of the American farmer must be unshackled and in all governmental action there should be a minimum control from Washington and a maximum freedom of operation by the American farmer.

This Council affirms its belief in the strength, the character and the right of the American workman; his pride in himself; his aims to get for himself a bank account, an insurance policy, a home of his own with a self-reliant American family in it; his right to organize and bargain collectively through agents of his own free choice.

We denounce the political effort to reduce labor in the United States to the European level of a class-conscious, vote-shackled proletariat. We reject the doctrine that the American workman's mind must be made up in Washington and his personal life turned over to the management of Washington's political coddlers. The destiny of American labor is not Fascist. It must remain American.

The basic position of American labor in the economic system must be guaranteed by fair and equitable laws.

It is our solemn duty as a people to take those sound measures, as Abraham Lincoln once pointed out—to bind up the nation's wounds, to take care of him who has borne the battle, his widow and his orphans.

The supreme obligation of our country is to immediately pay our debt of honor to those who are fighting our crusade for peace and freedom. Our post-war program must and does include fullest provision for the rehabilitation and employment of the men and women of the armed forces.

Temporary help must of course be given but that is not enough The returning veterans must and shall have the right to launch projects, till the soil, work in the arts and in business or profession, free to forge ahead. They are entitled to jobs; good honest jobs; jobs with which they can start and go forward; send their children through school; own their own homes; jobs which will feed and clothe them in comfort.

Veterans must not come home to be treated as wards of a state or nation, but must find their nation a land of greater opportunity under a free American system.

The deepest yearning of our people is for victory and union of our family in peace. That is the very heart of our whole life. If we build a better America with the highest standards of living and deep spiritual values, we shall have met their challenge and shall have approached their devotion.

Rhode Island Mass Meeting Favors U. S. Participation In Planned Peace

Participation of the United States in the creation of appropriate international machinery for the maintenance of a just and lasting peace was voiced on Aug. 30 at a public mass meeting held in Providence, R. I.

The Rhode Island citizens adopted a resolution urging that Congress "give expression to this purpose at the earliest possible moment."

The day (Aug. 30) had been proclaimed on Aug. 23 by Gov. McGrath of Rhode Island as a day "for particular emphasis upon American participation in international co-operation for the maintenance of peace." The Providence "Journal" of Aug. 24 reported that the Governor emphasized that the State's celebration of the occasion at a mass meeting Aug. 30 is an attempt "to take to the people themselves the question of international cooperation in the hope that action in Congress, at the appropriate time, will reflect the attitude of the American people on post-war planning for peace."

Senator Burton (Rep., Ohio) and Representative McMurray (Dem., Wis.) spoke at the meeting on the subject of American participation in international cooperation, warning that peace must be built upon a sound foundation, planned well in advance.

The News Behind The News

(Continued from first page)

continue to trust her security mainly to her strong right arm.

Any unprejudiced eye can see that a combination of nations could be built around Russia which should be more powerful than the Anglo-American alliance.

Certainly such an alliance as Governor Dewey mentioned and Churchill has promised does not guarantee our peace and security against Russia or against any combination of the world which may arise in the coming years and secretly arm themselves as Japan and Germany did to start this war. But if Russia came into the alliance, would we then be secure? An alliance is a political solution, whereas security, if not peace, is a military problem.

The alliance idea is being fostered in this country by those who want it in order to bring about a disarmed peace, whereas the security and peace of the British and us require continued military dominance — a subject strangely omitted in all current debates.

This would still be true if Russia were in the alliance. Clearly, then, we cannot trust our peace and security to others, but must constantly maintain it ourselves, no matter what alliances are made.

Another thing: the British have a world empire while we have not. The alliance, therefore, not only would protect our shores, but the British Empire shores around the world upon which the sun never sets.

An Anglo-American alliance, therefore, must defend itself constantly against the rest of the world, and so we must have stronger bases in the Far East.

Look ahead. Suppose the British Government changes in the 50 years of proposed alliance. Suppose it becomes pacifist and weak, or beligerent and aggressive, or pro-Russian, Communist, anti-American.

There can be no guarantee in any alliance that Mr. Churchill's views will prevail indefinitely in London. Indeed, the Laborites already are reaching for his scalp.

Would an alliance bring us peace and security against these developments or others that we cannot envisage in years ahead? Obviously not.

Peace and security then must be obtained by something deeper, more powerful and reassuring than alliances, by many intangible factors, such as national alertness, constant energy, wise leadership, appropriations for bases, sea and air fleets, but all these factors stream back to roots in alert military strength and ability to defend ourselves.

Alliances, therefore, are of secondary importance. Indeed, they may be dangerous if they create a false sense of security and make us want to disarm or forget about armed protection, as Governor Dewey and Mr. Lippmann already have forgotten about it in their argument for the alliance as a cure-all.

Absolutely guaranteed peace and security are probably not obtainable. Perhaps this is the main fault in all current discussions of the subject. At least no man and no nation ever had them permanently in all the history of the world.

But we can do the utmost to get as much of them as we can for ourselves, and, if possible, for others.

In striving for this: All evidence shows that alliances will be worthless in the post-war air world without American bases and a superior American air fleet.

For ourselves, we must own—not merely lease—Newfoundland, Bermuda, the Bahamas, British Guiana, on the Atlantic front at least, before we can even start to think about our own security.

No alliance will have any more value than the armament behind it.

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Two Resolutions Adopted On China's Post-War Industrialization And Foreign Investments

A blueprint for China's post-war national industrial reconstruction was outlined in the form of two resolutions adopted at the Saturday meeting of the Eleventh Plenary Session of the Central Executive Committee and the Supervisory Committee of the Kuomintang, according to a Chinese News Service dispatch from Chungking, Sept. 12, which also had the following to say:

The first resolution, which contains 16 articles, maps out in detail a program for China's post-war national industrial reconstruction, while the second lays down the policy concerning foreign investments in line with Dr. Sun Yat-sen's plan of international cooperation in the development of China's industry. The texts of the two resolutions follow:

"First—Resolved that the following proposal be adopted and referred to the Government for detailed planning and execution in coordination with the developments in the field of communications:

"Article 1—Industrial reconstruction should be a planned one, mapped out by the Government according to the principles laid down in the San Min Chu I, or the Three People's Principles, and Dr. Sun Yat-sen's industrial program.

"Article 2—Industrial output of various categories as required according to the plan of the Government within a specific period of time shall be scientifically regulated and plans for reconstruction in different localities and different years should be carried out accordingly, thereby increasing national wealth and the people's purchasing power.

"Article 3—The Central Government shall formulate a comprehensive nationwide plan for the establishment of industrial areas which is to be based upon the requirements of the national economy, existing communication facilities and the location of natural resources.

"Article 4—Industrial products shall be standardized as far as possible.

"Article 5—In the post-war industrial reconstruction the Government shall adopt the policy of emphasizing a simultaneous development of state and private industry. It shall be operated on a division of labor and collaboration basis . . . so that the production quota prescribed by various categories of industry may soon be reached.

"Article 6—Industry which may be entrusted to individuals or industries which will be less suitable for the State to operate shall be privately operated. The Government in such cases shall give them encouragement and protection of the law. Industries, the operation of which cannot be entrusted to individuals or industries which assume the nature of a monopoly shall be State operated. The Government shall stipulate specifically what constitute State-owned industries and what constitute private industries.

"Article 7—State as well as private industries shall strive to increase their working efficiency, adopt the latest technique, reduce the cost of production and improve the quality of products, in order to strengthen the foundation of enterprises and achieve rapid improvement.

"Article 8—The Government shall give special encouragement and financial assistance to private industries which conform to the provisions of industrial reconstruction programs. The Government shall also give to those private industries technical and transportation assistance and facilities so that they may be developed according to plan.

"Article 9—The Government shall support, promote and improve handicraft industries and industrial cooperatives, in order to encourage the people fully to utilize their leisure and engage themselves in industrial production.

"Article 10—In order to increase international trade, export industries shall be given encouragement and support. Encouragement and commendation shall also be given to the people for the manufacture of goods for export as well as for the operation of export industries.

"Article 11—The Government and the public shall employ effective means to encourage the people to conserve their resources and investment in industry. The Government shall also supervise, direct and encourage the reinvestment of industrial profits in that particular industry or other industries.

"Article 12—The national financial policy and the banking policy shall be in complete accord with the national industrial reconstruction plan. The taxation and financial systems shall be in line with the promotion of national industrial reconstruction.

"Article 13—The national industrial operation educating program shall be fully coordinated with the national industrial reconstruction plan. Each industry shall be responsible for the training of its personnel in accordance with the regulations to be promulgated by the Government.

"Article 14—The Government and the public shall employ effective means to encourage inventions and creations and intensify the movement for the promotion of science and technology.

"Article 15—In order to strive for industrial and technical improvements, all research institutes and organizations in the country connected with industrial reconstruction shall devote themselves to the study of practical problems. They shall also assist in the removing of difficulties or in solving difficult problems encountered by various industries.

"Article 16—In order to speed up the completion of industrial reconstruction programs, foreign capital and technical cooperation shall be welcome."

The second resolution on policy concerning foreign investments reads:

"Whereas, the carrying out of the industrial program as outlined by Dr. Sun Yat-sen, the Father of the Republic, is one of the important objectives of the Kuomintang Revolution and according to Dr. Sun's plan international cooperation is to be welcomed in the development of China's industry, provisions for the realization of the program should not be further delayed now that victory is in sight.

"Therefore, be it resolved that to show a spirit of close cooperation with China's friendly powers, all restrictions applying to Chinese-foreign joint enterprises shall be revised. Hereafter, no fixed restriction shall be placed on the ratio of foreign capital investment in joint enterprises. In the organization of a Chinese-foreign joint enterprise, except for the chairman of the board of directors, the general manager need not necessarily be a Chinese. The foregoing terms of cooperation shall become effective after an agreement by the parties concerned has been reached and the approval of the Government secured. At the same time, aliens, in accordance with the provisions of Chinese law and regulations, and having received the sanction of the Chinese Government, may finance their own enterprises in China. Negotiations for foreign loans for State enterprises shall be centralized. Private individuals may negotiate foreign loans for their enterprises and such loan agreements shall become effective following the approval of the Government. The Government shall determine at an early date which category of State enterprises may accept foreign investments and which categories may seek foreign loans."

From Washington

(Continued from first page)

come unusually close, it will carry much significance for the 1944 campaign.

* * *

One gets the impression from traveling around that a question of far more importance than the blow-up in the State Department or of the surrender of Italy is "what was behind the President calling Drew Pearson a chronic liar." I suppose I was asked a hundred times if it meant the President and Pearson had "split" or if the President simply wanted to give that impression. I have tried to explain that the reason the President called him that was because that was what he thought he was. The fact is, too, that Pearson has never been close to the White House. He has played with a faction of the New Dealers, the younger ones, and mostly in subordinate positions and formerly led by Tommy Corcoran, who is now doing exceedingly well in business; what you might call monkey business. The President and Steve Early have never liked Pearson. He was and is a close friend of Sumner Welles. His continual playing of Welles against Hull was more responsible than any other one thing for the blow-up.

He plays with Ickes, and it is not infrequent at all that Pearson reports on how Ickes has won another victory in the Cabinet arguments. Once, when nothing like this had appeared for quite a while, the President remarked to friends: "I see Ickes has quit telling the columnists what goes on in the Cabinet."

Honest Harold is having his troubles with some of the other "Liberals" though. His support of the oil operators in their efforts to get an increase in the price of oil to encourage the bringing in of new wells, has outraged the CIO. They are attacking Ickes bitterly.

* * *

The melee in Italy is causing the promoters of a Second Front across the Channel to blush, and many observers believe the project is definitely out of the question. The situation in Italy is showing what would happen to France in an across-the-channel invasion to "liberate" her. She would probably be pulverized in the liberation process, as it now appears Italy is going to be.

Not only this, but the President and our high military leaders are believed to be having more and more confidence in our ability to knock Germany out of the war by bombing.

* * *

The ranting and railing of the "Liberals" over the treatment they are getting in the Administration these days may be, to an extent, a smoke screen. At least, they still have an amazing knack of getting their fellows on the inside. Little attention was paid to the announcement that Lauchlin Currie had been "loaned" to Leo Crowley to handle the job formerly held by Milo Perkins under Wallace. Currie is about as advanced in his thinking as they come hereabouts. On a mission for the President to China he tried to convince Chiang Kai-Shek on the necessity of taking from the rich to help the poor. The old man wasn't very interested, but he did make a couple of gestures in order to qualify for lend-lease.

Non-Farm Home Mortgage Debt Declined In 1942 For First Time In Five Years

Following five consecutive years of expansion, the outstanding non-farm home mortgage debt of the country declined from $20,095,000,000 to $19,917,000,000 in 1942, in spite of a substantial volume of new loans during the year, according to advices in the Federal Home Loan Bank "Review" made available Sept. 11. "The 1942 decline resulted chiefly from payments on mortgages in greater amount than required by loan contracts," the "Review" said. "These advance payments in part reflect the response of home owners to the government's policy of encouraging retirement of debt in order to absorb excess purchasing power and aid the fight against inflation." The "Review" added:

"Although the 1942 drop of $178,000,000, or less than 1% in the amount of outstanding loans on homes appears to be small, this reduction must be considered in contrast with the normal rise of nearly $1,000,000,000 made the previous year and a $900,000,000 increase in 1940. Indications are that 1943 will show a still more substantial decrease."

It is pointed out in the "Review" that the reduction of the home mortgage debt reveals not only the extent to which home owners are using increased incomes to cut down their borrowing but the effect of wartime building restrictions on new lending volume. The "Review" further says:

"Home-financing institutions have encouraged the prepayment of debt because the faster growth of owners' equities in homes will provide them with a new incentive for the maintenance of regular loan payments after war-swollen incomes go down. Federal agencies in the home-financing field have stressed both the patriotic and safety aspects of the rapid repayment of debt, and many lending institutions have waived prepayment penalties which were previously in effect.

"The net decline of the outstanding debt is the more remarkable since new lending activity during 1942 reached a total of $3,082,000,000. While 18% less than the year before, it was the highest figure registered within the past 12 years, with the exception of 1940 and 1941. The decline in construction loans for the year was partly offset by a greater volume of loans for the purchase of existing houses and by larger average loans, resulting from a higher level of property prices."

Other factors contributed to the reversal of the debt trend in 1942 in the face of a large volume of lending, the "Review" said. Home purchase mortgages, comprising a high proportion of the loans made, represent in many cases cancellation of previous mortgages and to that extent do not add to the outstanding debt. Likewise, loans to refinance old mortgages constitute no increase in the debt except where the new loan is for a higher amount.

Inflation Is Your Business

(Continued from first page)

shelter, but as wages rise, employers will hire fewer people. This means that inflation will result in unemployment. The older ones and the less efficient will be dumped first; then the higher paid will be let go and so unemployment will increase.

As unemployment increases, purchasing power will decrease. When retailers have fewer orders, manufacturers may be compelled to discharge their workers. Then we shall have another depression. This may not come until around 1950, but it certainly may be a bad one when it does come. Its severity will depend upon the extent of the preceding period of inflation. Hence, we all have a selfish interest in helping to stave off inflation.

Effect Upon Small Business

Inflation may hit the middleman hard. The well-to-do will have enough "fat" to carry them through the next depression. The poor will be supported by the government or have artificial employment through another WPA. The middle-class people, however, are out of luck. They will not have enough capital to carry them through the inflation period or will not be poor enough for government support. Small businessmen feel they are suffering terribly now but if we enter real inflation their condition will be much more difficult. Periods of inflation result in great increases in bankruptcy. These cases are almost wholly among the middle classes, especially small manufacturers, small retailers and the white-collar group in general.

Crime and misappropriation of funds increase during inflation. Speculation becomes rampant. Under such conditions, all business becomes more hazardous. Manufacturers and merchants then depend upon rising prices for their profits rather than on honest merchandising. Speculation develops a disregard for religion. This, in turn, undermines the entire business structure. Inflation encourages dishonesty as well as idleness. Justice is sidetracked. The spirit of the age is to "get while the going is good" with little thought of either the end or the means.

Avoid Borrowing

Above everything else, investors, businessmen and workers should avoid borrowing any money at this time. We should all take a lesson from railroad and corporation managements who have taken advantage of the current period of good business to reduce their bonded indebtedness. They are getting in shape to attempt weathering any depression that may lie ahead. Some business think they can profit from inflation by borrowing good dollars now and paying back in bad dollars later. Very few can possibly succeed with such a program. Their business and investments will probably turn out so poorly that these men will be unable to get even enough bad dollars to pay the interest on their loans and the taxes on their property. Doubtless, too, there will be legislation making such sharp practices illegal.

Pay On Minas Geraes 6½s

The National City Bank of New York, as special agent, is notifying holders of State of Minas Geraes (United States of Brazil) 6½% secured external sinking fund gold bonds of 1928, due March 1, 1958, and secured external gold loan of 1929, Series A, 6½% bonds due Sept. 1, 1959, that funds have been deposited with it to pay, in lawful currency of the United States of America, 17.5% of the face amount of the coupons due March 1, 1941, amounting to $5.6875 for each $32.50 coupon and $2.84375 for each $16.25 coupon. The notice, issued Sept. 13, added:

"The acceptance of such payment is optional with the holders of the bonds and coupons but pursuant to the terms of the Presidential Decrees of the United States of Brazil, such payment, if accepted by the holders must be accepted in full payment of such coupons and of the claims for interest represented thereby."

President Hails Italian Victory But Warns We Still Have Long Way To Go

President Roosevelt hailed the surrender of Italy on Sept. 8 as a "great victory" for the United Nations and the Italian people but warned that there is still "a long way to go" before the ultimate objectives of Berlin and Tokio are attained.

In a radio address opening the $15,000,000,000 Third War Loan drive, the President asserted that "the time for celebration is not yet" as the war is and will continue to be a full-time job "until total victory is won."

Warning against over-confidence, Mr. Roosevelt said "the war does not and must not stop for one single instant," since the Germans must be driven out of Italy, out of France and all other captive countries.

In urging the American people to make the Third War Loan a success, the President stated that "our enemies will watch this drive with the keenest interest" as they know its success will shorten the war. He added that every dollar invested in the Third War Loan "is your personal message of defiance to our common enemies—to the ruthless militarists of Germany and Japan."

The text of the President's address follows:

"Once" upon a time, a few years ago, there was a city in our Middle West which was threatened by a destructive flood in the river. The waters had risen to the top of the banks. Every man, woman and child in that city was called upon to fill sand bags in order to defend their homes against the rising waters. For many days and nights, destruction and death stared them in the face.

"As a result of the grim, determined community effort, that ctiy still stands. Those people kept the levees above the peak of the flood. All of them joined together in the desperate job which had to be done—business men, workers, farmers, doctors, preachers—people of all races.

"To me, that town is a living symbol of what community cooperation can accomplish.

"Today, in the same kind of community effort, the United Nations and their people have kept the levees of civilization high enough to prevent the floods of aggression and barbarism and wholesale murder from engulfing us all. The flood has been raging for four years. At last, we are beginning to gain on it; but the waters have not yet receded enough for us to relax our sweating work with the sand bags. In this war bond campaign we are filling bags and placing them against the flood—bags, which are essential if we are to stand off the ugly torrent which is trying to sweep us all away.

"Today, an armistice with Italy was concluded.

"This was a great victory for the United Nations—but it was also a great victory for the Italian people. After years of war and suffering and degradation, the Italian people are at last coming to the day of liberation from their real enemies, the Nazis.

"But let us not delude ourselves that this armistice means the end of the war in the Mediterranean. We must drive the Germans out of Italy as we have driven them out of Tunisia and Sicily; we must drive them out of France and all other captive countries, and we must strike them on their own soil from all directions.

"Out ultimate objectives in this war continue to be Berlin and Tokio.

"I ask you to bear these objectives constantly in mind—and do not forget that we still have a long way to go before attaining them.

"The great news you have heard today from General Eisenhower does not give you license to settle back in your rocking chairs and say, 'Well, that does it. We've got 'em on the run. Now we can start the celebration.'

"The time for celebration is not yet. And I have a suspicion that when this war does end, we shall not be in a very celebrating frame of mind. I think that our main emotion will be one of grim determination that this shall not happen again.

"During the past weeks, Mr. Churchill and I have been in constant conference with the leaders of our combined fighting forces. We have been in constant communication with our fighting allies, Russian and Chinese, who are prosecuting the war with conspicuous success on far distant fronts, and he and I are together here at this crucial moment.

"We have seen the satisfactory fulfillment of plans that were made in Casablanca last January and here in Washington last May. And we have made new, extensive plans for the future. But throughout these conferences we have never lost sight of the fact that this war will become bigger and tougher, rather than easier during the long months that are to come.

"This war does not and must not stop for one single instant. Out fighting men know that. Those of them who are moving forward through jungles against lurking Japs—those who are landing at this moment in barges moving through the dawn up to strange enemy coasts—those who are diving their bombers down on the target at roof-top level at this moment—every one of these men knows that this war is a full-time job and that it will continue to be until total victory is won.

"And by the same token, every responsible leader in all the United Nations knows that the fighting goes on 24 hours a day, seven days a week, and that any day lost may have to be paid for in terms of months added to the duration of the war.

"Every campaign, every single operation that we plan and carry through, must be figured in terms of staggering material cost. We cannot afford to be niggardly with any of our resources, for we shall need all of them to do the job that we have undertaken.

"Your fellow Americans have given a magnificent account of themselves—on the battlefield and on the oceans and in the skies all over the world.

"Now it is up to you to prove to them that you are contributing your share and more than your share. It is not sufficient simply to put money into war bonds which we would normally save. We must put money into war bonds which we would not normally save. Only then have we done everything that good conscience demands. It is up to you—the Americans in the American homes—the very homes which our boys and daughters are working and fighting and dying to preserve.

"I know I speak for every man and woman in America when I say that we Americans will not be satisfied to send our troops into the fire of the enemy with equipment inferior in any way.

"Nor will we be satisfied to send our troops with equipment only equal to that of the enemy. We are determined to provide our troops with overpowering superiority of quality and quantity in any and every category of arms and armaments that they may conceivably need.

"And where does our dominating power come from? It can come only from you. The money you lend and the money you give in taxes buys that death-dealing, life-saving power we need for victory. This is an expensive war—expensive in money; you can help keep it at a minimum cost in lives.

"The American people will never stop to reckon the cost of redeeming civilization. They know there can never be any economic justification for failing to save freedom.

"We can be sure that our enemies will watch this drive with the keenest interest; they know that success in this undertaking will shorten the war. They know that the more money the American people lend to government, the more powerful and relentless will be the American forces in the field. They know that only a united and determined America could possibly produce on a voluntary basis so large a sum of money as $15,000,000,000.

"The overwhelming success of the Second War Loan drive last April showed that the people of this democracy stood firm behind their troops.

"The Third War Loan, which we are starting tonight, will also succeed—because the American people will not permit it to fail.

"I cannot tell you how much to invest in war bonds during this Third War Loan Drive. No one can tell you. It is for you to decide under the guidance of your own conscience.

"I will say this, however. Because the nation's needs are greater than ever before, our sacrifices too must be greater than they have ever been before.

"Nobody knows when total victory will come—but we do know that the harder we fight now, the more might and power we direct at the enemy now, the shorter the war will be and the smaller the sum total of sacrifice.

"Success of the Third War Loan will be the symbol that America does not propose to rest on its arms—that we know the tough, bitter job ahead and will not stop until we have finished it.

"Now it is your turn!

"Every dollar that you invest in the Third War Loan is your personal message of defiance to our common enemies—to the ruthless militarists of Germany and Japan—your personal message of faith and good cheer to our Allies and all the men at the front."

Treasury Said To Aim At 12% Security Tax

The Treasury Department is planning to include an all-out $5,000,000,000 proposal to increase the social security taxes to a total of 12% (6% on employers and 6% on employees) as one of the "alternative suggestions" its tax-policy makers are preparing for submission to the House Ways and Means Committee Sept. 20, it was learned on Sept. 11. This was reported in a Washington dispatch to the New York "Herald Tribune" from Samuel W. Bell, which continued:

Such an increase, which would be an advance of 2% on the employers and 5% on the employees, constituted the major recommendation of the National Resources and Planning Board in its "cradle to the grave" program recently submitted to Congress by President Roosevelt.

The existing gross income payroll taxes for social security are distributed at 1% for old age and survivors insurance plus 3% for unemployment compensation on employers and 1% on employees for old age insurance. The old age insurance rate will increase automatically Jan. 1 to 2% on both employers and employees unless the present law is changed.

The decision of the Treasury to include the Social Security tax increase in recommendations for raising an additional $12,000,000,000 in revenue was said to have been due to continued cool reception in Congressional quarters to a revival of the $4,500,000,000 spendings tax.

Authority On Draft Constitution Sees New Step Taken In China's March To Constitutional Gov't

An event of great and general interest to the American public has come about in the adoption of a resolution dealing with constitutionalism in China by the Nationalist Party, according to Dr. C. L. Hsia, Director of Chinese News Service and representative in the United States of the Chinese Ministry of Information. The Chinese News Service, in New York, on Sept. 13, also added:

Dr. Hsia, who was a member of the committee of the Legislative Yuan which worked on China's Draft Constitution, issued a statement this afternoon explaining the significance of the current Eleventh Plenary Session of the Kuomintang Central Executive Committee, particularly the resolution which will pave the way to the creation in China of a government of the people, by the people and for the people.

The text of Dr. Hsia's statement follows:

"The Central Executive Committee of the Kuomintang was in session throughout last week. It is a very important session because of the far-reaching decisions it has made.

"The conference has laid down a number of broad principles of China's economic policy especially in the field of foreign investment and her economic cooperation with friendly nations. This question will be of great interest, of course, to America.

"Still more important is the resolution passed at the conference which deals with constitutionalism—a matter of great and general interest to the American public. The resolution sets a definite date that a People's Congress will be convened within one year after the conclusion of the war to do two things—to adopt a constitution and to decide the date when the constitution will go into effect. One of the implications, as Generalissimo Chiang Kai-shek explained at the opening session, is that after the enforcement of constitutional government the period of political tutelage will end and the Kuomintang will hand over the government to the people and then take its place on equal footing with other political parties enjoying equal privileges and rights, fulfilling equal obligations under the principles of the freedom of assembly, organization, speech and publication in accordance with the law.

"If it was not clear before, it has now been made clear beyond the shadow of a doubt that the Kuomintang does not intend to exercise any special right or privilege after the war but will carry out the democratic program and policy of Sun Yat-sen towards the creating of a government of the people, by the people and for the people.

"While the resolution refers to 'a constitution,' actually it refers to the Draft Constitution published by mandate of the National Government on May 5, 1936. It was the intention of the Kuomintang and the National Government that the People's Congress was to meet in November, 1937, to ratify that document. But the outbreak of hostilities in that summer brought to an abrupt end China's constitutional progress. This Draft Constitution has been brought up for scrutiny since the war but the broad principles of the draft and its main provisions will remain when it is finally submitted to the People's Congress for ratification after the war.

"I was a member of the committee of the Legislative Yuan which worked on the final draft of the constitution and I, therefore, can speak with some confidence that it is a sincere attempt to create a government of the people, by the people and for the people."

Senator Vandenberg Asks Congress To Decide On Social Security Increase

Congress was asked on Sept. 14 by Senator Vandenberg to decide whether to postpone the increased payroll levies of 1% on Jan. 1 on employers and employees under the Social Security Act, said an Associated Press despatch from Washington, which also had the following to say:

Congress voted last year and the year before to postpone an increase in the levy to 2%. Each postponement was at Senator Vandenberg's insistence.

Unless a third postponement is voted, the increased levies automatically go into effect on Jan. 1.

Asserting he was "keeping an open mind" on the subject, Senator Vandenberg told the Senate:

"I think it should be fully canvassed by both the Senate Finance Committee and the House Ways and Means Committee in connection with other tax decisions which are to be made this fall."

Mr. Vandenberg, a member of the Senate Finance Committee, made public a letter from Dr. Arthur J. Altmeyer, Chairman of the Social Security Board, asserting that it would be unwise to defer the increase in the contribution rates.

Doctor Altmeyer reported that total receipts from social security taxes for old-age benefits in the fiscal year ended June 30, 1943, were $1,130,000,000, while the total draft upon the fund for payment of benefits and administrative expenses was $176,000,000. The reserve on June 30, 1943, was $4,268,000,000.

While saying this would appear to be ample, Senator Vandenberg added that "the tremendous and unanticipated expansion of employment and resultant social security coverage" due to the war "now injects some new and highly speculative actuarial calculations for the future."

In view of the situation, he said he did not want the responsibility for a third recommendation in opposition to Social Security Board recommendations.

NYSE Short Interest Lower On Aug. 31

The New York Stock Exchange announced on Sept. 10 that the short interest as of the close of business on the Aug. 31 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 801,321 shares, compared with 836,764 shares on July 30, both totals excluding short positions carried in the odd-lot account of all odd-lot dealers. As of the Aug. 31 settlement date, the total short interest in all odd-lot dealers' accounts was 34,070 shares, compared with 36,489 shares on July 30.

In the following tabulation is shown the short interest existing at the close of the last business day for each month of the present year:

1943—	
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376
May 28	980,047
June 30	879,575
July 30	836,764
Aug. 31	801,321

*Revised.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Sept. 14	120.56	111.07	119.00	116.41	111.25	98.88	103.13	113.89	116.80
13	120.58	111.07	119.20	116.61	111.25	98.88	103.13	113.89	117.00
11	120.57	111.07	119.20	116.61	111.25	99.04	103.13	113.89	117.00
10	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.80
9	120.45	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
8	120.42	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
7	120.33	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
6	Exchange Closed								
4	120.30	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
3	120.30	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
2	120.29	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
1	120.29	111.25	119.20	116.80	111.62	98.73	103.13	113.89	117.00
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	112.89	117.20
20	120.20	111.25	119.20	116.80	111.44	99.04	103.30	113.89	117.00
13	120.29	111.25	119.20	116.80	111.62	99.04	103.30	113.89	117.20
6	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Sept. 14, 1942	117.69	107.09	117.00	113.50	108.52	92.06	96.69	111.81	113.89
2 Years ago Sept. 13, 1941	119.02	107.62	118.00	114.46	108.70	91.77	97.00	111.81	115.24

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Sept. 14	1.81	3.11	2.70	2.83	3.10	3.82	3.56	2.96	2.81
13	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.80
11	1.81	3.11	2.69	2.82	3.10	3.81	3.56	2.96	2.80
10	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.81
9	1.82	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
8	1.82	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
7	1.83	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
6	Exchange Closed								
4	1.83	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
3	1.83	3.10	2.69	2.81	3.08	3.83	3.55	2.96	2.80
2	1.83	3.10	2.69	2.81	3.08	3.82	3.55	2.96	2.80
1	1.83	3.10	2.69	2.81	3.08	3.83	3.56	2.96	2.80
Aug. 27	1.83	3.10	2.69	2.81	3.09	3.82	3.56	2.96	2.79
20	1.84	3.10	2.69	2.81	3.09	3.81	3.55	2.96	2.80
13	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.96	2.79
6	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
23	1.81	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.80
16	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Sept. 14, 1942	2.04	3.33	2.80	2.98	3.25	4.27	3.96	3.07	2.96
2 Years ago Sept. 13, 1941	1.93	3.30	2.75	2.93	3.24	4.29	3.94	3.07	2.89

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14. 1943. page 202.

August Department Store Sales

The Board of Governors of the Federal Reserve System announced on Sept. 9 that department store sales increased less than seasonally in August and the Board's adjusted index fell from 142 to 138% of the 1923-1925 average.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	Aug., 1943	July, 1943	June, 1943	Aug., 1942
Adjusted for seasonal variation	138	142	129	130
Without seasonal adjustment	109	98	124	103

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One Week Ending 9-4	8-28	8-21	8-14	Four Weeks Ending 9-4	8-28	7-31	6-26	Year to 9-4
Boston	— 3	— 6	+14	+ 4	+ 1	+ 1	+ 6	+ 9	+ 9
New York	— 2	*— 6	+ 6	— 3	*— 2	*— 2	+ 5	+14	+ 6
Philadelphia	— 5	*— 8	*+ 2	*— 6	— 4	— 5	+ 4	+ 9	+ 6
Cleveland	0	0	+15	+ 2	+ 4	+ 6	+11	+13	+ 9
Richmond	— 1	—11	+ 6	—10	— 4	— 5	+10	+18	+11
Atlanta	+15	+21	+30	+26	+24	+27	+30	+42	+27
Chicago	— 5	*+ 3	+15	— 2	+ 2	+ 6	+10	+14	+10
St. Louis	+ 4	*—12	+14	+11	+ 4	+ 6	+12	+25	+15
Minneapolis	†	†	†	†	+12	+13	+15	+22	+15
Kansas City	+11	+14	+27	+18	+17	+21	+28	+39	+32
Dallas	+25	*+29	*+39	+35	+32	+35	+41	+55	+41
San Francisco	+ 6	*+12	+18	+14	+12	*+13	+15	+30	+23
U. S. total	0	+ 1	*+15	+ 4	+ 5	*+ 7	+12	+19	+13

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1943—		1942—	
Aug. 7	117	Aug. 8	110
Aug. 14	118	Aug. 15	113
Aug. 21	132	Aug. 22	116
Aug. 28	*134	Aug. 29	132
Sept. 4	154	Sept. 5	153

*Revised. †Not shown separately but included in United States total. ‡Monthly indexes refer to daily average sales in calendar month; August, 1943, figures estimated from weekly sales.

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Sept. 10 that as of the close of business Aug. 31, there were 1,112 bond issues, aggregating $80,728,511,088 par value listed on the Stock Exchange with a total market value of $80,109,269,964. This compares with 1,117 bond issues, aggregating $80,878,879,937 par value, with a total market value of $80,352,221,151 on July 31, 1943.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Aug. 31, 1943 Market Value $	Aug. 31, 1943 Average Price $	July 31, 1943 Market Value $	July 31, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	63,687,538,184	104.15	63,777,827,657	104.30
U. S. companies:				
Automobile	10,775,620	102.11	10,834,280	102.66
Building	10,387,500	101.84	13,819,604	100.80
Business and office equipment	15,787,500	105.25	15,768,750	105.13
Chemical	42,128,230	105.37	76,477,450	104.40
Electrical equipment	36,400,000	104.00	36,237,500	103.54
Financial	56,777,879	103.12	56,574,328	102.75
Food	268,885,683	105.26	233,708,845	105.04
Land and realty	10,736,798	79.91	10,693,763	79.59
Machinery and metals	37,558,248	101.92	37,384,362	101.45
Mining (excluding iron)	90,379,934	62.19	96,357,637	63.52
Paper and publishing	40,337,521	102.07	40,366,617	102.14
Petroleum	603,055,460	104.70	608,125,497	104.87
Railroad	7,340,223,335	73.37	7,362,116,232	73.37
Retail merchandising	12,229,630	88.54	12,951,623	92.61
Rubber	76,318,330	105.02	76,289,994	104.98
Ship building and operating	11,844,840	103.25	11,844,840	103.25
Shipping services	21,447,048	79.63	21,660,496	78.96
Steel, iron and coke	495,078,348	102.13	495,146,927	101.77
Textiles	37,887,995	104.40	38,062,995	104.88
Tobacco	161,995,340	106.48	155,614,751	107.22
Utilities:				
Gas and electric (operating)	3,350,743,410	108.82	3,367,447,911	109.35
Gas and electric (holding)	94,416,875	104.73	95,618,140	105.67
Communications	1,236,001,275	110.83	1,235,569,210	110.72
Miscellaneous utilities	94,838,825	65.26	94,922,752	65.32
U. S. companies oper. abroad	139,154,157	77.38	138,923,744	77.24
Miscellaneous businesses	31,520,648	106.12	31,398,640	105.71
Total U. S. companies	14,326,910,429	85.92	14,374,516,888	86.00
Foreign government	1,325,667,843	64.46	1,429,652,248	66.03
Foreign companies	769,153,508	90.74	770,224,358	90.84
All listed bonds	80,109,269,964	99.23	80,352,221,151	99.35

*The two issues under this group—Warner Brothers 6s of 1948 and Paramount Pictures 4s of 1956—have been retired.

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23

Corporate Earnings In First Half Of 1943 Above Last Year, Conference Board Reports

Large increases in volume of business during the first half enabled American corporations to show substantial improvement in earnings, both before and after taxes, as compared with last year, according to the National Industrial Conference Board. It is announced that the reports of 322 industrials analyzed by the Board show combined net income after taxes of $654,000,000 this year as compared with $585,000,000 in the first half of 1942, or a gain of 11.6%. Thirty-five public utility corporations reported $216,000,000 against $212,000,000, while 50 railroads showed $343,000,000 against $213,000,000 last year.

The Board's announcement of Sept. 12 further explained:

"Among the industrials, 280 manufacturing corporations reported net after taxes of $574,000,000 this year against $506,000,000 in the first half last year, while 25 mining companies reported a decline in net after all charges from $67,000,000 to $65,000,000. Retail trade and miscellaneous companies likewise showed small declines in net.

"The proportion of earnings absorbed by tax reserves was not greatly changed from the 1942 figure. For 232 industrial companies whose reports show tax reserves separately, total tax reserves during the first six months of this year amounted to $1,186,000,000, or 69.1% of income before tax and other reserves, against $1,064,000,000 or 68.3% last year. The tax reserves of 215 manufacturing corporations amounted to $1,160,000,000, or 70.6% of net before tax and other reserves, against $1,036,000,000, or 69.6% last year.

"Durable goods manufacturers, who again showed the greater expansion in production and sales, set aside a larger proportion of income for tax purposes. Their net income after taxes, therefore, showed less increase than that of nondurable goods companies.

"Improvement in the earnings of the automotive companies was outstanding, as a result, doubtless, of the completion of conversion processes. Nine of them reported average year-to-year increases of 33%; the six concerns whose reports show tax reserves separately averaged 38% above the first half of 1942 after reserving two-thirds of their income for taxes.

"Machinery concerns also averaged well above the first half of 1942. For 18 corporations in this field the increase in net income after taxes was almost 30% for the half year as compared with last year; statements of 11 machinery manufacturing companies showed tax reserves totaling 81% of taxable income as compared with almost 83% last year.

"Higher costs for the steel industry translated a relatively small increase in sales into a decline in earnings both before and after taxes for the 24 companies included in the Board's compilations.

"Second quarter earnings after taxes of the 322 industrial companies included in the Board's compilations amounted to $335,000,000 against $319,000,000 in the first quarter of this year, and $273,000,000 in the second quarter of 1942. The 25 mining companies covered reported $32,000,000 in the second quarter against $33,000,000 in the first, and $34,000,000 in the second quarter of last year. The Board's list of 35 utility companies showed a net of $102,000,000 against $114,000,000 in the first quarter, and $96,000,000 in the second quarter of last year. Fifty railroad companies reported $180,000,000 in net against $163,000,000 in the first quarter, and $134,000,000 in the second quarter of 1942."

Mortgage Bankers Meet In Chicago September 23-25

The 30th annual business meeting and Conference on Post-war Planning of the Mortgage Bankers Association of America to be held at the Drake Hotel, Chicago, Sept. 23, 24 and 25, will have among its principal speakers Senator George L. Radcliffe, of Maryland; Ralph Budd, 7th (Chicago) Federal Reserve District Chairman of the Committee for Economic Development and President of the Chicago, Burlington & Quincy Railroad, and Charles A. Mullenix, Association President.

Other speakers will include Abner H. Ferguson, Commissioner of the Federal Housing Administration; B. C. Bovard, FHA General Counsel; James R. Twohy, Governor of the Federal Home Loan Bank System; Howard Myers, Editor of Architectural Forum; Earle S. Draper, Deputy FHA Commissioner; Charles T. Stewart, Director of the Urban Land Institute; Dr. Hilton Ira Jones, scientist; Robert Bellaire, United Press Manager in Tokyo when the Jananese attacked Pearl Harbor, and Frank C. Rathje and Harry A. Fischer, Chicago bankers.

In connection with the meeting, the Association is scheduling special conferences on post-war mortgage planning, post-war construction and post-war city planning. Among the leading mortgage lending officials to deliver addresses are H. R. Templeton, Vice-President of the Cleveland Trust Co.; Earl B. Schwulst, First Vice-President of the Bowery Savings Bank, New York; Walter H. Rolapp, Vice-President of the Pacific Mutal Life Insurance Co., Los Angeles; John H. Scott, President of the Scott Mortgage Co., Pittsburgh, and Morgan L. Fitch, Chicago, President of the Illinois Association of Real Estate Boards.

A special meeting has been arranged for officers of the 35 local mortgage associations of the country in charge of C. Armel Nutter, Camden, N. J. Eight presidents of these sectional associations will speak including J. E. Foster, Jr., Texas; Charles G. McCaffrey, Pittsburgh; Frank N. Ferguson, Milwaukee; Rupert I. Hall, Oklahoma; Elmer S. Carll, Philadelphia; C. P. Kennedy, Cincinnati; Robert H. White, Minneapolis, and A. K. Northrop, New Orleans. Another meeting will be held for the Association's new layers division in charge of Miller B. Pennell, Cleveland, MBA counsel, and Dennis Palmquist, Cleveland attorney. Herold G. Woodruff, Detroit, official nominee for MBA President for the 1943-44 term, will address the conference on the opening morning.

Moody's Daily Commodity Index

Tuesday, Sept. 7	247.4
Wednesday, Sept. 8	246.6
Thursday, Sept. 9	246.6
Friday, Sept. 10	247.5
Saturday, Sept. 11	247.2
Monday, Sept. 13	247.8
Tuesday, Sept. 14	247.7
Two weeks ago, Aug. 31	246.5
Month ago, Aug. 14	245.1
Year ago, Sept. 14	232.2
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Market Value Of Stocks On New York Stock Exchange Higher On Aug. 31

The New York Stock Exchange announced on Sept. 8 that as of the close of business Aug. 31, there were 1,237 stock issues, aggregating 1,489,131,930 shares listed on the Exchange, with a total market value of $47,710,472,858. This compares with 1,235 stock issues, aggregating 1,479,099,743 shares listed on the Exchange on July 31, with a total market value of $47,577,989,240, and with 1,241 stock issues, aggregating 1,471,287,744 shares, with a total market value of $34,871,607,323 on Aug. 31, 1942.

In making public the figures for Aug. 31, the Exchange also said: "As of the close of business Aug. 31, New York Stock Exchange member total net borrowings amounted to $595,695,164, of which $436,185,864 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was therefore 0,91%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	Aug. 31, 1943		July 31, 1943	
	Market Value $	Av. Price $	Market Value $	Av. Price $
Amusement	501,140,612	22.91	483.290,036	22.19
Automobile	3,875,667,009	31.94	3,794,439,787	31.30
Aviation	637,371,447	18.60	636 723,548	18.58
Building	551,642,666	26.70	540,190,936	26.17
Business and Office Equipment	394,227,035	33.42	389,793,119	33.05
Chemical	5,950,662,209	62.82	5,960,753,803	62.93
Electrical Equipment	1,599,577,613	39.11	1,573,717,912	38.87
Farm Machinery	759,548,267	57.99	745,706,132	56.93
Financial	956,129,408	19.14	948,440,969	18.96
Food	3,122,942,647	33.45	3,115,720,270	33.38
Garment	44,331,505	26.51	44,868,923	26.83
Land & Realty	29,348,889	6.03	29,381,524	6.04
Leather	234,589,523	27.85	235,091,380	27.91
Machinery & Metals	1,599,535,229	23.36	1,606,318,878	23.46
Mining (excluding iron)	1,371,901,219	23,31	1,365,311,147	23.20
Paper & Publishing	462,672,165	20.22	449,885,266	19.95
Petroleum	6,185,927,710	30.72	6,143,324,622	30.57
Railroad	3,594,569,771	31.95	3,841,318,445	34.15
Retail Merchandising	2,596,504,415	35.65	2,525,509,821	34.68
Rubber	562,062,580	53.09	539.804,089	50.99
Ship Building & Operating	100,277,256	18.18	100,091,907	18.14
Shipping Services	14,020,726	8.13	14,042,626	8.14
Steel, Iron & Coke	2,145,080,753	42.40	2,171,448,484	42.92
Textiles	484,045,218	34.04	474,116,050	33.34
Tobacco	1,227,606,510	45.71	1,225,911,624	45.60
Utilities:				
Gas & Electric (Operating)	2,112,113,206	21.03	2,062,698,659	22.48
Gas & Electric (Holding)	1,067,108,131	11.14	1,071,337,844	11.18
Communications	3,611,327,570	86.30	3,583,630,186	85.66
Miscellaneous Utilities	104,992,568	14.24	102,105,845	13.85
U. S. Cos. Operating Abroad	751,577,432	22.10	763,095,426	22.44
Foreign Companies	920,354,952	22.74	901.161,780	22.27
Miscellaneous Businesses	141,616,617	24.13	138,758,202	23.64
All Listed Stocks	47,710,472,858	32.04	47,577,989,240	32.17

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1941—			1942—		
July 31	41,654,256,215	28,46	Aug. 31	34,871,607,323	23.70
Aug. 30	41,472,032,904	28.32	Sept. 30	35,604,809,453	24.20
Sept. 30	40,984.419,434	28.02	Oct. 31	37,727,599,526	25.65
Oct. 31	39,057,023,174	26.66	Nov. 30	37,374,462,460	25.41
Nov. 29	37,882,316,239	25.87	Dec. 31	38,811,728,666	26.39
Dec. 31	35,785,946,533	24.46	1943—		
1942—			Jan. 30	41,410,585,043	28.16
Jan. 31	36,228,397,999	24.70	Feb. 27	43,533,661,753	29.61
Feb. 28	35,234,173,432	24.02	Mar. 31	45,845,738,377	31.20
Mar. 31	32,844,183,750	22.36	Apr. 30	46,192,361,639	31.45
Apr. 30	31,449,206,904	21.41	May 29	48,437,700,647	32.96
May 29	32,913,725,225	22.40	June 30	48,878,520,886	33.27
June 30	33,419,047,743	22.73	July 31	47,577,989,240	32.17
July 31	34,443,805,860	23.42	Aug. 31	47,710,472,858	32.04

Statutory Debt Limitation As Of Aug. 31, 1943

The Treasury Department made public on Sept. 4 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on Aug. 31, 1943, totaled $148,169,881,620, thus leaving the face amount of obligations which may be issued, subject to the new $210,000,000,000 statutory debt limitation at $61,830,118,380. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($148,169,881,620) should be deducted $5,285,218,709 (the unearned discount on savings bonds), reducing the total to $142,884,662,911, but to this figure should be added $1,174,209,412 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of Aug. 31, 1943, was $144,058,872,323.

The following is the Treasury's report for Aug. 31:

Statutory Debt Limitation As of Aug. 31, 1943

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act "shall not exceed in the aggregate $210,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$210,000,000,000
Outstanding as of Aug. 31, 1943:			
Interest-bearing:			
Bonds—			
Treasury	$57,520,494,900		
*Savings (Maturity value)	27,978,768,450		
Depository	261,980,250		
Adjusted Service	720,895,657		
		$86,492,139,257	
Treasury notes	$26,368,417,950		
Certificates of indebtedness	22,113,655,000		
Treasury bills (Maturity val.)	12,845,975,000		
		61,328,047,950	
		$147,810,187,207	
Matured obligations, on which interest has ceased		155,536,375	
Bearing no interest (U. S. Savings stamps)		204,158,038	
			148,169,881,620
Face amount of obligations issuable under above authority			$61,830,118,380

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY AUG. 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act		$148,169,881,620
Deduct unearned discount on Savings Bonds (difference between current redemption value and maturity value)		5,285,218,709
		$142,884,662,911
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,942,720	
Matured obligations on which interest has ceased	8,071,465	
Bearing no interest	970,195,227	
		1,174,209,412
Total gross debt outstanding as of Aug. 31, 1943		$144,058,872,323

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $22,693,549,741.

Electric Output For Week Ended Sept. 11, 1943, Shows 18.0% Gain Over Same Week Last Week

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 11, 1943, was approximately 4,229,262,000 kwh., compared with 3,583,408,000 kwh. in the corresponding week last year, an increase of 18.0%. The output for the week ended Sept. 4, 1943, was 18.4% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Sept. 11	Sept. 4	Aug. 28	Aug. 21
New England	6.2	5.9	7.1	5.1
Middle Atlantic	19.1	19.6	19.9	15.9
Central Industrial	15.1	14.3	16.4	14.0
West Central	10.3	11.9	13.0	14.5
Southern States	23.3	26.1	23.0	20.5
Rocky Mountain	18.5	17.7	17.6	17.7
Pacific Coast	22.4	22.4	22.9	18.5
Total United States	18.0	18.4	18.7	16.1

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
July 3	4,110.793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3,919,398	3,428,916	+14.3	3,178.054	1,415,704	1,711.625
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993	1,727,225
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386	1,732,031
July 31	4,226,705	3,649,146	+15.8	3,263,082	1,426,986	1,724,728
Aug 7	4,240,638	3,637.070	+16.6	3.233,242	1,415,122	1,729,667
Aug 14	4,287,827	3,654,795	+17.3	3,238,160	1,431,910	1,733,110
Aug 21	4,264,825	3,673,717	+16.1	3,230,750	1,436,440	1,750,056
Aug 28	4,322,195	3,639,961	+18.7	3,261,149	1,464,700	1,761,594
Sep 4	4,350,511	3,672,921	+18.4	3,132,954	1,423,977	1,674,588
Sep 11	4,229,262	3,583,408	+18.0	3,322,346	1,476,442	1,806,259
Sep 18	------	3,756,922		3,273,375	1,490,863	1,792,131
Sep 25	------	3,720,254		3,273,376	1,499,459	1,777,854

Steel Operations At High—Plate Producing Facilities Flooded With Heavier Orders

"As the men, equipment and strategy of the United States and Great Britain encountered their sternest war tests this week against the Germans in Italy, production in America was holding up strongly and large quantities of material were being rushed to the front," the "Iron Age" states in its issue of today (Sept. 16), further adding:

"Steel ingot output at 99.5% this week is a decline of one point but the tonnage is the second highest on record, exceeded only by last week's mark. Shipments of Lend-Lease steel, after a short lull are heavy again and probably will remain so through the balance of this year.

"The war's new turn will tighten all domestic supply problems, temporarily at least, and will heighten the critical manpower and coal shortages. The pattern of the military supply program will not be altered at this time and therefore there can be little hope for the additional release of steel and other critical materials to the civilian economy.

"Italy's capitulation increases the seriousness of the domestic coal crisis, since Italy is dependent on imports of fuel. Already coal is being diverted on a priority basis to metallurgical industrial needs in the U. S., and the shortage can be expected to grow more serious. Many miners have been drafted or lured to other industries while those remaining at their posts are said to be jittery because they are working without a contract. Other factors contributing to the shortage include effects of this year's numerous mine strikes, absenteeism, exhaustion of coal veins, a falling off in coal mining efficiency at both hand and mechanized mines, and the tight transportation problem. By-product coke production has not kept pace with pig iron output and rejections of beehive coke have increased because of poor quality.

"All plate producing facilities of the nation are flooded with heavier orders than ever before due to the step-up in shipbuilding. Sheet and other flat-rolled departments reflect the unprecedented situation, being greatly extended on their backlogs and unable to schedule large tonnages needed for war purposes. WPB is surveying the entire sheet mill situation through first quarter of 1944. It has been difficult to place tonnages needed for a large overseas container-making venture.

"Railroad carbuilders are assured of their third quarter steel requirements for 6,000 freight cars which have been approved, but their chances of getting fourth quarter material are problematical. Even if plates do become available through changes in shipyard needs, the fourth quarter railroad setup calling for around 10,000 domestic freight cars may run into a snag because of bar and sheet shortages.

"The United States War Department has already set up its schedule for thousands of freight cars to be built during the fourth quarter this year, through to and including the third quarter of next year. A substantial tonnage of steel will be required in this program. Events abroad have given it a green light; and future developments may find the War Department program 'derailing' some of the domestic freight car business."

The American Iron and Steel Institute on Sept. 13, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.6% of capacity for the week beginning Sept. 13, compared with 100.3% one week ago, 98.2% one month ago and 97.2% one year ago. The operating rate for the week beginning Sept. 13 is equivalent to 1,736,000 tons of steel ingots and castings, compared to 1,748,200 tons one week ago, 1,710,900 tons one month ago, 1,662,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 13 stated in part as follows:

"Italy's unconditional surrender is expected to have little effect on the overall scope of the war production program.

"It is clear that whatever changes in specifications may result from the Italian collapse they will be offset by requirements in other directions, and by the intensification of production in certain lines to make it possible for Allied forces to take fullest possible advantage of the Italian capitulation.

"In addition, raw materials, including steel, will be needed on a large scale to supply whatever Italian manufacturing facilities can be utilized by the Allies. Consequently there seems little prospect the military situation today permits of any view in the direction of easier war steel demand.

"Italy's collapse has again focused attention of the scrap trade on possibility of battlefield scrap being retained for use by the Italian steel industry. In recent weeks there has been an increasing amount of this scrap shipped to this country, although still not in heavy volume.

"Lend-lease steel shipments from the East coast are considerably better than in many months.

"Distribution of vital sheet orders continues complicated by the plate program. Substantial tonnage of sheets has not been allotted to the mills because priorities given the Maritime Commission for plates are taking most of the available rolling time on continuous mills, and the shortage of suitable semifinished material limits tonnage on non-integrated sheet mills. Army orders for drum stock, ammunition boxes and similar vital equipment are among those now awaiting placement.

"Steel plate allocation numbers for first and second quarters are coming out more freely, with the result most producers have no room on their schedules before late February. High octane gasoline refinery tonnage is increasing again, with some being placed for fourth quarter under directives. Mill interests say this is the first important directives tonnage received since the inauguration of CMP.

"August plate shipments were off moderately to 1,061,000 tons, comparing with 1,089,000 in the preceding month and 1,097,866 in corresponding 1942 period.

"Freight car builders are not clear as to where all the steel is coming from for the construction of 9,645 domestic cars allocated for the fourth quarter. Mills are booked over the remainder of the year, generally speaking, and so far they have received allotment numbers for only some of the steel needed for these cars. Domestic freight car awards in August of 4,422 units, were the largest since January when 8,365 were placed. Total awards for the first eight months of 16,992, compares with 24,030 in like period last year and 103,902 in corresponding months of 1941.

"Iron ore shipments during August established the second consecutive monthly record, although unfavorable weather towards the close of the period prevented the total from exceeding the 14,000,000 gross tons earlier predicted. Reflecting completion of three additional Maritime Commission vessels on the Great Lakes this month, the ore movement in September should remain at current high level despite the shorter month. August ore shipments of 13,976,770 gross tons, brought the season's total to 52,359,474, or 13.6% below the 60,593,534 tons moved in the like 1942 period."

Selected Income And Balance Sheet Items Class I Railways For June

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of June, 1943 and 1942, and the 6 months ending with June, 1943 and 1942.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

All Class I Railways

Income Items—	For the Month of June		For the 6 Months of	
	1943	1942	1943	1942
Net ry. operat. income	$103,655,124	$118,737,985	$705,943,274	$551,683,823
Other income	16,725,945	15,979,933	77,536,223	74,449,669
Total income	126,381,039	134,717,918	783,479,497	626,133,492
Miscellaneous deductions from income	2,527,495	2,372,152	14,367,228	15,424,516
Income available for fixed charges	123,853,574	132,345,766	769,112,269	610,708,976
Fixed charges:				
Rent for leased roads and equipment	14,987,434	15,108,787	88,119,334	84,493,288
*Interest deductions	35,827,027	36,952,939	217,631,500	222,129,543
Other deductions	120,205	118,121	745,451	705,649
Total fixed charges	50,934,666	52,179,847	306,496,285	307,328,480
Inc. after fixed charges	72,918,903	80,165,919	462,615,984	303,380,496
Contingent charges	2,292,567	2,419,845	13,906,716	13,875,323
†Net income	70,626,341	77,746,073	448,709,268	289,505,173
Depreciation (way and structures and equip.)	26,525,395	20,102,752	159,153,932	117,346,016
Amortization of defense projects	11,273,601	7,213,897	62,944,165	33,631,668
Federal income taxes	124,964,316	73,397,321	669,751,776	279,037,262
Dividend appropriations:				
On common stock	6,729,364	7,963,341	62,582,498	57,493,486
On preferred stock	1,152,943	695,298	14,599,629	13,302,897
¶Ratio of income to fixed charges	2.43	2.54	2.51	1.99

Selected Asset Items—	All Class I Railways Balance at end of June		Class I Railways Not in Receivership or Trusteeship Balance at end of June	
	1943	1942	1943	1942
Investments in stocks, bonds, etc., other than those of affiliated companies	$557,518,182	$478,724,241	$531,105,456	$460,816,717
Cash	1,055,544,453	831,034,188	783,567,775	618,935,928
Temporary cash investments	1,255,536,529	186,418,688	967,019,395	175,828,325
Special deposits	209,561,642	154,675,025	162,158,806	116,725,332
Loans and bills receivable	273,975	1,038,549	253,517	986,332
Traffic and car-service balances (Dr.)	37,063,524	41,086,165	26,236,747	34,351,463
Net balance receivable from agents and conductors	167,300,523	117,949,612	133,174,550	98,017,451
Miscellaneous accounts receivable	570,918,269	308,443,403	449,539,611	245,602,436
Materials and supplies	516,741,379	534,418,742	414,889,973	429,597,336
Interest and dividends receivable	20,105,424	19,813,606	18,246,542	18,738,937
Rents receivable	1,180,952	1,332,524	887,021	1,019,772
Other current assets	47,505,245	9,342,897	34,055,686	7,650,246
Total current assets	3,881,731,915	2,205,553,399	2,990,029,623	1,747,453,558
Selected Liability Items—				
‡Funded debt maturing within six months	$157,484,459	$84,773,331	$136,611,708	$63,396,342
§Loans and bills payable	15,628,192	18,352,851	1,600,000	3,207,500
Traffic and car-service balances (Cr.)	148,846,244	86,085,522	103,186,077	60,741,806
Audited accounts and wages payable	360,409,313	303,447,318	292,062,026	243,605,330
Miscellaneous accounts payable	113,398,623	67,667,588	88,332,800	49,600,093
Interest matured unpaid	69,149,518	74,431,861	61,956,651	62,272,381
Dividends matured unpaid	27,209,248	25,703,491	26,867,083	25,351,228
Unmatured interest accrued	52,075,532	57,723,450	47,192,242	47,054,352
Unmatured dividends declared	12,916,027	10,131,711	12,916,027	10,131,711
Unmatured rents accrued	17,497,629	16,382,587	14,571,960	14,560,030
Accrued tax liability	1,356,293,817	572,072,608	1,184,465,913	525,082,550
Other current liabilities	94,269,521	58,548,743	69,949,500	47,520,881
Total current liabilities	2,267,693,669	1,290,547,730	1,903,100,279	1,089,127,862
Analysis of accrued tax liability:				
U. S. Government taxes	1,219,631,442	445,999,639	1,075,162,683	423,017,658
Other than U. S. Government taxes	136,662,375	126,072,969	109,303,230	102,064,892

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: June, 1943, $54,866,537; June, 1942, $61,643,397; for the six months ended June, 1943, $340,798,322; six months ended June, 1942, $239,427,483. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. ¶For railways in receivership and trusteeship the ratio was as follows: June, 1943, 2.28; June, 1942, 2.32; six months, 1943, 2.44; six months, 1942, 1.72. §Includes obligations which mature not more than two years after date of issue.

Civil Engineering Construction $36,606,000 For Holiday-Shortened Week

Civil engineering construction volume for the holiday-shortened week totals $36,606,000. This continental U. S. volume, not including construction by military combat engineers, American contracts outside the country, and shipbuilding, is 62% below the corresponding 1942 week, and compares with $61,674,000 reported for the preceding week by "Engineering News-Record" on Sept. 9. Private construction is 58% lower than a year ago, and public work is down 63% as a result of the 61% decline in State and Municipal construction and the 63% decrease in Federal volume. The report went on to say:

The current week's construction brings 1943 volume to $2,322,368,000, an average of $64,510,000 for each of the 36 weeks of the period. On the weekly average basis, 1943 construction is 67% lower than the $7,278,879,000 for the 37-week period in 1942. Private construction, $296,735,000, is 33% below last year, and public construction, $2,025,633,000, is down 69% when adjusted for the difference in the number of weeks. Of the public total, State and Municipal construction, $144,954,000, is 65% lower, and Federal volume, $1,880,679,000, is down 70%.

Civil engineering construction volumes for the short 1942 week, last week and the current week are:

	Sept.10, 1942 (four days)	Sept. 2, 1943 (five days)	Sept. 9, 1943 (four days)
Total U. S. Construction	$97,311,000	$61,674,000	$36,606,000
Private Construction	15,920,000	6,754,000	6,699,000
Public Construction	81,391,000	54,920,000	29,907,000
State and Municipal	5,869,000	3,776,000	2,266,000
Federal	75,522,000	51,144,000	27,641,000

In the classified construction groups, gains over last week are in waterworks, sewerage, and commercial building and large-scale private housing. Commercial building is the only class of work to gain over the 1942 week. Subtotals for the week in each class of construction are: waterworks, $540,000; sewerage, $503,000; bridges, $56,000; industrial buildings, $827,000; commercial buildings, $5,822,000; public buildings, $20,216,000; earthwork and drainage, $142,000; streets and roads, $2,181,000; and unclassified construction, $6,319,000.

New capital for construction purposes for the week totals $177,000 and is made up entirely of State and Municipal bond sales. New construction financing for the 36 weeks of 1943, $2,929,155,000, is 68% below the $9,524,957,000 reported for the 37-week 1942 period.

Cotton Ginned from Crop of 1943 Prior to Sept. 1

The census report issued on Sept. 8, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1943 prior to Sept. 1, 1943, and comparative statistics to the corresponding date in 1942 and 1941.

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1943	1942	1941
United States	*1,784,629	*739,005	*505,720
Alabama	157,743	49,088	88,916
Arizona	7,768	1,082	10,701
Arkansas	115,810	2,952	25,389
Florida	6,764	4,748	7,128
Georgia	154,095	120,545	125,102
Louisiana	213,024	60,115	27,084
Mississippi	351,372	58,661	79,404
Missouri	2,941	235	7,744
North Carolina	3,351	2,934	745
Oklahoma	2,758	225	119
South Carolina	58,512	40,781	13,558
Texas	705,662	397,611	118,083
All other States	4,829	28	1,747

*Includes 107,053 bales of the crop of 1943 ginned prior to Aug. 1 which was counted in the supply for the season of 1942-43, compared with 48,625 and 1,969 bales of the crops of 1942 and 1941.

The statistics in this report include no round bales for 1943; none for 1942 and 16 for 1941. Included in the above are 4,284 bales of American-Egyptian for 1943, 56 for 1942 and 499 for 1941; also no bales Sea-Island for 1943, 54 for 1942 and 83 for 1941.

The statistics for 1943 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Aug. 16 is 351,643 bales.

Consumption and Stocks—United States

Cotton consumed during the month of July, 1943, amounted to 839,705 bales. Cotton on hand in consuming establishments on July 31 was 2,117,343 bales, and in public storages and at compresses 7,704,181 bales. The number of active consuming cotton spindles for the month was 22,654,790.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulty in obtaining dependable world statistics such data are being omitted from this report for the time being.

Cottonseed Receipts In August

On Sept. 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the month ended August 31, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Aug. 31		Crushed Aug. 1 to Aug. 31		On hand at mills Aug. 31	
	1943	1942	1943	1942	1943	1942
United States	391,421	168,588	132,574	97,543	348,664	152,973
Alabama	30,950	8,995	11,908	6,571	21,217	5,757
Arkansas	19,075	1,684	10,317	7,317	17,858	6,24
Georgia	40,290	21,644	15,986	16,592	28,265	9,109
Louisiana	40,636	11,789	9,596	5,572	31,587	6,961
Mississippi	84,759	8,300	26,219	5,150	69,942	9,391
Texas	160,585	109,488	44,050	43,352	161,193	101,495
All other States	15,126	6,688	14,498	12,989	18,602	14,018

*Does not include 89,817 and 81,928 tons on hand Aug. 1 nor 5,906 and 5,542 tons reshipped for 1943 and 1942 respectively.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Aug. 31	Shipped out Aug. 1 to Aug. 31	On hand Aug. 31
Crude oil	1943-44	*21,825	40,010	28,840	*32,588
(thousand pounds)	1942-43	34,460	29,383	23,366	28,786
Refined oil	1943-44	†207,081	‡27,839	------	†139,909
(thousand pounds)	1942-43	310,191	32,426	------	214,642
Cake and meal	1943-44	18,593	58,978	48,330	29,241
(tons)	1942-43	190,100	42,332	99,198	133,234
Hulls	1943-44	11,986	31,638	24,454	19,170
(tons)	1942-43	44,118	24,316	42,126	26,308
Linters	1943-44	§135,116	39,687	62,996	§111,807
(running bales)	1942-43	43,295	28,256	19,659	51,892
Hull fiber	1943-44	631	353	277	707
(500-lb. bales)	1942-43	229	335	306	258
Grabbots, motes, &c.	1943-44	14,281	1,532	5,950	9,863
(500-lb. bales)	1942-43	23,644	990	1,757	22,877

*Includes 12,863,000 and 10,042,000 pounds held by refining and manufacturing establishments and 2,522,000 and 4,936,000 pounds in transit to refiners and consumers Aug. 1, 1943 and Aug. 31, 1943 respectively.

†Includes 3,203,000 and 2,286,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 5,135,000 and 4,596,000 pounds in transit to manufacturers of shortening, soap, etc. Aug. 1, 1943 and Aug. 31, 1943 respectively. Does not include winterized oil.

‡Produced from 30,704,000 pounds of crude oil.

§Total linters produced includes 8,406 bales first out, 26,744 bales second out and 4,537 bales mill run. Total held includes 10,689 bales first out, 32,741 bales second out and 68,377 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Post-War Planning Urged By Johnston

The urgency of making post-war economic plans immediately was stressed earlier this month by Eric A. Johnston, President of the Chamber of Commerce of the United States, on his return to Washington from a three-weeks' visit to England.

Mr. Johnston proposed that business men of Great Britain and the United States hold meetings on post-war problems. Later, he said, there should be other conferences including government, labor and agriculture leaders of both nations, and, finally, representatives of all Atlantic countries.

"After that," he added, "we ought to work with Russia."

In Associated Press Washington accounts, the following was reported:

Speaking of prospects for the post-war world, Mr. Johnston told a press conference he could see no reason for the apprehension he reported on the part of some Britishers that Great Britain has lost her South American trade contacts to the United States. He said he explained that while Britain had been unable to ship goods to South America since the war, so had we.

Besides, he added, there will be "plenty of opportunity after the war for Great Britain and us both to do more business in South America than ever before—and I hope we can do it on a competitive basis."

Although expressing a hope that Congress will do some post-war planning of its own, Mr. Johnston said he saw no necessity for immediate governmental participation in the conferences he has suggested.

Further 5% Cut In Newsprint Ordered

A net reduction of an additional 5% in newsprint usage for the fourth quarter of 1943 was recommended by the Newspaper Industry Advisory Committee meeting with War Production Board representatives in Washington on Sept. 3. This is expected to bring about a total reduction of 15% since the first of the year. The original Order L-240, effective Jan. 1, 1943, reduced quotas by approximately 5%, and a further 5% cut was ordered on July 1. The announcement of the WPB also said:

"Exact percentage of the reduction in the fourth quarter cannot be determined by WPB until the Combined Resources and Production Board meets in the near future to learn the maximum tonnage Canada can deliver during the fourth quarter. Canada has been delivering 210,000 tons of newsprint per month since Jan. 1.

"The Newspaper Industry Committee advised against a larger percentage cut and recommended only 5%, because it felt the necessary tonnage could be taken out of inventories.

"The committee also recommended a reduction in permitted publishers inventories of newsprint from 50 days to 40 days supply in the Northeast and Central region and from 75 days to 65 days in the West and South effective Sept. 1, 1943. Publishers would be required to revise their September delivery orders to conform to these new inventory restrictions.

"The committee recommended that WPB grant no personal or telephone interviews in connection with appeals for additional tonnage, and that all communications concerning appeals be 'in writing and in writing only.'"

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that production of soft coal in the week ended Sept. 4, 1943, is estimated at 12,050,000 net tons, as compared with 12,130,000 tons in the preceeding week and 11,453,000 tons in the corresponding week of 1942. Total estimated output of soft coal in 1943 to date now stands but 6,575,000 tons above that in 1942.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended Sept. 4, 1943 was 1,254,000 tons, a decrease of 42,000 tons (3.2%) from the preceding week. When compared with the output in the corresponding week of 1942, however, there was an increase of 6,000 tons, or 0.5%. The calendar year 1943 to date shows a decrease of less than 0.1% when compared with the corresponding period of 1942.

The Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Sept. 4, 1943 showed a decrease of 4,500 tons when compared with the output for the week ended Aug. 28, 1943. The quantity of coke from beehive ovens decreased 2,000 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Sep. 4, 1943	Sep. 28, 1943	Sept. 5, 1942	†Sep. 4, 1943	Sep. 5, 1942	Sep. 4, 1937
Total, incl. mine fuel	12,050	12,130	11,453	397,402	390,827	296,259
Daily average	2,008	2,022	1,909	1,892	1,874	1,422
*Crude petroleum—						
Coal equivalent of weekly output	6,784	6,722	5,899	225,287	214,385	195,853

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775). †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Sep. 4, 1943	Aug. 28, 1943	Sep. 5, 1942	Sep. 4, 1943	Sep. 5, 1942	Sep. 7, 1929
*Total incl. coll. fuel	1,254,000	1,296,000	1,248,000	41,271,000	41,286,000	47,276,000
†Commercial production	1,204,000	1,244,000	1,198,000	39,620,000	39,635,000	43,872,000
By-product coke—						
United States total	1,238,400	1,242,900	1,215,500	42,850,100	42,011,500	‡
Beehive coke—						
United States total	161,700	163,700	169,100	5,310,700	5,616,900	4,739,200

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes washery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Aug.
State—	Aug. 28, 1943	Aug. 21, 1943	Aug. 29, 1942	Aug. 30, 1941	Aug. 28, 1937	average ¶1923
Alabama	385	385	374	370	252	397
Alaska	5	5	5	5	2	**
Arkansas and Oklahoma	88	87	94	105	74	81
Colorado	147	141	143	130	105	173
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,509	1,503	1,197	1,127	830	1,363
Indiana	515	531	488	473	260	440
Iowa	39	43	44	45	59	100
Kansas and Missouri	143	154	180	140	114	145
Kentucky—Eastern	952	941	979	947	719	765
Kentucky—Western	320	313	242	227	164	217
Maryland	37	38	36	37	28	44
Michigan	3	6	4	9	6	21
Montana (bituminous and lignite)	96	98	75	64	44	50
New Mexico	37	35	35	20	27	49
North and South Dakota (lignite)	32	31	25	29	17	**20
Ohio	662	681	638	665	414	871
Pennsylvania (bituminous)	2,971	2,940	2,923	2,883	2,025	3,734
Tennessee	128	129	146	149	113	118
Texas (bituminous and lignite)	3	3	9	7	20	24
Utah	110	109	110	99	66	83
Virginia	416	403	388	419	266	248
Washington	28	26	33	37	31	47
*West Virginia—Southern	2,296	2,221	2,228	2,335	1,845	1,515
†West Virginia—Northern	1,031	1,018	948	847	480	875
Wyoming	169	161	160	137	97	154
‡Other Western States	1	1	††	††	††	**4
Total bituminous and lignite	12,130	12,010	11,505	11,307	8,058	11,538
§Pennsylvania anthracite	1,296	1,253	1,244	1,279	817	1,926
Total all coal	13,426	13,263	12,749	12,586	8,875	13,464

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Wholesale Commodity Index Declined 0.1% During Week Ended Sept. 4, Says Labor Dept.

The U. S. Department of Labor announced on Sept. 9 that a decline of more than 6% in average prices for fruits and vegetables brought the Bureau of Labor Statistics' index of commodity prices in primary markets down 0.1% during the week ended Sept. 4.

The Department's announcement further stated:

"**Farm Products and Foods**—Weakening markets for potatoes, apples and lemons, together with lower quotations for hogs, and for rye and wool, caused the index for farm products to drop 0.6% during the week. Higher prices were reported for barley, oats and wheat, for steers and sheep, and for cotton, flaxseed, onions and eggs. In the past four weeks average prices for farm products have declined 1.4%. They are, however, 15.6% higher than at this time last year.

"The sharp decline in prices for fruits and vegetables brought average prices for foods down 0.8% during the week. Prices were higher for cereal products, including flour, oatmeal and pretzels. Prices for foods in primary markets are 1.8% lower than for the first week of August and 3.3% above the corresponding week of a year ago.

"**Industrial Commodities**—Prices for most industrial commodities remained steady. Building materials rose fractionally because of higher prices for pine lumber. Quotations were lower for certain paint materials, particularly butyl acetate, red lead and turpentine."

The following notation is made:

> During the period of rapid changes caused by price control, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Aug. 7, 1943, and Sept. 5, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Sept. 4, 1943 from—		
Commodity groups—	9-4 1943	8-28 1943	8-21 1943	8-7 1943	9-5 1942	8-28 1943	8-7 1943	9-5 1942
All commodities	*102.8	*102.9	*102.8	*103.0	99.1	—0.1	—0.2	+ 3.7
Farm products	*123.3	*124.0	*123.8	*125.0	106.7	—0.6	—1.4	+15.6
Foods	104.7	105.5	105.8	106.6	101.4	—0.8	—1.8	+ 3.3
Hides and leather products	118.4	118.4	118.4	118.4	119.0	0	0	— 0.5
Textile products	97.0	97.0	96.9	96.9	96.7	0	+0.1	+ 0.3
Fuel and lighting materials	81.7	81.8	81.7	81.6	79.6	—0.1	+0.1	+ 2.6
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	112.2	112.1	112.1	111.9	110.3	+0.1	+0.3	+ 1.7
Chemicals and allied products	100.2	100.2	100.2	100.1	96.2	0	+0.1	+ 4.2
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	0	0	+ 0.1
Miscellaneous commodities	92.4	92.4	92.4	92.2	88.6	0	+0.2	+ 4.3
Raw materials	*112.3	*112.8	*112.7	*113.5	101.2	—0.4	—1.1	+11.0
Semimanufactured articles	92.8	92.8	92.8	92.7	92.7	0	+0.1	+ 0.1
Manufactured products	*100.0	*100.0	*100.0	*99.9	99.2	0	+0.1	+ 0.8
All commodities other than farm products	*98.4	*98.4	*98.4	*98.3	97.5	0	+0.1	+ 0.9
All commodities other than farm products and foods	*97.3	*97.3	*97.3	*97.2	95.7	0	+0.1	+ 1.7

*Preliminary.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Ahead Of July

Shipments of finished steel products by subsidiaries of the United States Steel Corporation in August amounted to 1,704,289 net tons, an increase of 43,527 net tons over the July deliveries of 1,660,762 net tons, official figures released on Sept. 10 disclosed. In August 1942, shipments were 1,788,650 net tons, or 84,361 net tons larger than in August of this year. For August, 1941, deliveries reached 1,753,665 net tons, and in the same month of 1940, they were 1,455,604 net tons.

For the eight months ended Aug. 31, last, shipments totaled 13,405,067 net tons, a decrease of 652,839 net tons from the 14,057,906 net tons sent out in the corresponding period of last year.

In the table below we list the figures by months for various periods since January, 1929:

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	1,691,592	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	1,772,397	1,780,938	1,720,366	931,905	845,108	1,605,510
April	1.630.828	1.758.894	1,687,674	907.904	771.752	1.617.302
May	1,706,543	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	1,552,663	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	1,660,762	1,765,749	1,666,667	1,296,887	745,364	1,480,008
August	1,704,289	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	------	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624.186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21.064,157	20,458,937	14,976.110	11,752,116	16.825.477
Yearly adjust.	------	*449,020	*42,333	37,639	*44,865	*12,827
Total	------	20,615,137	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Non-Ferrous Metals—Lead Sales Good— Zinc Is Moderately Active—Copper Quiet

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 9 stated: "The news of the unconditional surrender of Italy reachd the market at noon of Sept. 8. The event was regarded as of great importance, particularly because of its political implications. Marketwise, however, the news caused no excitement and left hardly a ripple on the more-or-less fixed price structure, Sales of lead during the last week were in good volume, with zinc moderately active. Copper experienced a quiet period. OPA has inserted clarifying provisions into the price regulations for copper, lead and zinc in regard to drawback privileges on importations of the three metals. Sellers of manganese ores were authorized to use Atlantic basing points in sales east of the Mississippi River and north of the Ohio River." The publication further went on to say in part:

Copper

"The War Department announced last week that it has released 4,480 men for work in the mines. Of this number, 75% will work at copper properties. The program called for 4,500 men.

"With the war news encouraging, the industry hopes that larger quantities of copper will be made available by the authorities in Washington for civilian consumption. WPB issued CMP Regulation No. 9 last week, informing retailers and repair men in business on Aug. 1 on necessary procedure for obtaining copper wire for retail sales.

Lead

"Though some of the recent increased activity in lead resulted from the request made by WPB that consumers add to their inventories before the fall freight congestion sets in, the sales volume has been better than most observers expected. It now develops that sales of lead booked during August were larger in volume than for any other month since the United States entered into the war. Demand has continued fairly active, and is expected to increase next week as the date for considering October allocations approaches. The trade believes the date for the meeting will be Sept. 20, as stated a week ago.

Zinc

"Fair tonnages of zinc were sold during the last week, which just about brought an end to the buying movement so far as the September needs of consumers are concerned. The price situation was unchanged. Though domestic production has declined somewhat during the summer period, the stocks on hand actually increased.

"In addition to clarifying the provisions governing drawbacks on imports of zinc (Amendment 3 to Revised Price Schedule 81), OPA last week officially freed from price control all purchases by Metals Reserve Co. or any other Government department, agency, or corporation approved by the OPA.

"Point of shipment, according to the amended price regulation, means the point at which primary slab zinc is first loaded on a conveyance for transportation directly to the buyer's receiving point. This is usually the seller's plant, warehouse, or yard, but if the slab zinc is shipped directly to the buyer's receiving point from some point other than the seller's plant, warehouse, or yard, such other point is the point of shipment. In the case of primary slab zinc shipped by water from outside the limits of the continental United States the point of shipment means the place within the limits of the continental United States where the material is loaded on a conveyance for transportation directly to the buyer's receiving point. If such zinc is brought into the continental United States by overland shipment from Mexico or Canada, the point of shipment means the freight station in the continental United States or at nearest the point on the boundary between the United States and Mexico or Canada, as the case may be, at which the primary slab zinc first enters the United States.

Tin

"Spain produced 109 tons of tin contained in ore and 20 tons as metal during the first quarter of 1943.

"Tin quotations were unchanged last week. Straits quality tin for shipment, cents a pound, was as follows:

	Sept.	Oct.	Nov.
Sept. 2	52.000	52.000	52.000
Sept. 3	52.000	52.000	52.000
Sept. 4	52.000	52.000	52.000
Sept. 6		Holiday	
Sept. 7	52.000	52.000	52.000
Sept. 8	52.000	52.000	52.000

"Chinese, or 99% tin, continues at 51.125¢ a pound.

Quicksilver

"Gold producers on the Pacific Coast, unable to operate under war conditions, are looking around for quicksilver properties. Production of quicksilver is holding at a higher level than most authorities thought possible. The high price has been the stimulating influence. Quotations in New York last week continued at $196@$198 per flask of 76 pounds. The 10-year average (1930 to 1939 inclusive) in the New York market was $81.49 per flask.

Silver

"WPB last week prohibited any further use of foreign silver in the manufacture of brazing alloys or solders. However, the order provides that manufacturers may complete processing foreign silver already in process, or use up one month's supply of the total quantity of foreign silver on hand July 29.

"During the last week the silver market in London has been quiet, with the price unchanged at 23½d.

"The New York Official and the Treasury prices were also unchanged at 44¾¢ and 35¢, respectively."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 11 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 28, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Aug. 28 (in round-lot transactions) totaled 963,940 shares, which amount was 16.49% of the total transactions on the Exchange of 2,922,750 shares. This compares with member trading during the week ended Aug. 21 of 1,028,110 shares, or 16.33% of total trading of 3,148,320 shares. On the New York Curb Exchange, members trading during the week ended Aug. 28 amounted to 194,530 shares, or 15.83% of the total volume of that exchange of 614,570 shares; during the Aug. 21 week trading for the account of Curb members of 206,195 shares was 14.94% of total trading of 690,180 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 28, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	88,620	
‡Other sales	2,834,130	
Total sales	2,922,750	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	266,870	
Short sales	41,880	
‡Other sales	188,590	
Total sales	230,470	8.51
2. Other transactions initiated on the floor—		
Total purchases	105,300	
Short sales	10,220	
‡Other sales	121,820	
Total sales	132,040	4.06
3. Other transactions initiated off the floor—		
Total purchases	110,790	
Short sales	5,410	
‡Other sales	113,060	
Total sales	118,470	3.92
4. Total—		
Total purchases	482,960	
Short sales	57,510	
‡Other sales	423,470	
Total sales	480,980	16.49

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 28, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	4,815	
‡Other sales	609,755	
Total sales	614,570	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	53,880	
Short sales	3,190	
‡Other sales	47,340	
Total sales	50,530	8.50
2. Other transactions initiated on the floor—		
Total purchases	11,150	
Short sales	250	
‡Other sales	11,625	
Total sales	11,875	1.87
3. Other transactions initiated off the floor—		
Total purchases	22,940	
Short sales	100	
‡Other sales	44,055	
Total sales	44,155	5.46
4. Total—		
Total purchases	87,970	
Short sales	3,540	
‡Other sales	103,020	
Total sales	106,560	15.83
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	28,522	
Total purchases	28,522	
Total sales	22,029	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production For Week Ended Sept. 4, 1943 Increased 39,200 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 4, 1943, was $4,235,450 barrels, an increase of 39,200 barrels over the preceding week and 552,700 barrels per day more than produced in the corresponding week of 1942. The current figure, however, is 316,650 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of September, 1943. Daily output for the four weeks ended Sept. 4, 1943, averaged 4,222,350 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,214,000 barrels of crude oil daily and produced 12,343,000 barrels of gasoline, 1,269,000 barrels of kerosine, 4,361,000 barrels of distillate fuel oil and 8,703,000 barrels of residual fuel oil during the week ended Sept. 4, 1943; and had in storage at the end of that week 71,402,000 barrels of gasoline, 10,725,000 barrels of kerosine, 38,673,000 barrels of distillate fuel and 67,675,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations September	*State Allowables Begin. Sept. 1	Actual Production Week Ended Sept. 4, 1943	Change from Previous Week	4 Weeks Ended Sept. 4, 1943	Week Ended Sept. 5, 1942
Oklahoma	347,000	358,000	†324,950	— 1,250	327,950	379,300
Kansas	300,000	290,000	†263,300	—34,300	293,800	245,850
Nebraska	2,000	------	†1,800	----	1,850	3,300
Panhandle Texas			101,400	+ 3,400	98,850	75,000
North Texas			140,500	+ 100	140,400	130,450
West Texas			300,800	+42,400	269,000	180,150
East Central Texas			130,100	+ 150	130,000	79,700
East Texas			376,150	+ 5,150	372,300	291,000
Southwest Texas			252,300	+13,250	242,250	157,800
Coastal Texas			479,300	+ 4,850	475,600	293,800
Total Texas	1,909,000	‡1,946,153	1,780,550	+69,300	1,728,400	1,207,900
North Louisiana			82,200	+ 300	82,800	97,000
Coastal Louisiana			273,500	+ 5,000	269,750	231,500
Total Louisiana	375,000	399,000	355,700	+ 5,300	352,550	328,500
Arkansas	80,100	80,052	76,650	+ 300	76,350	72,350
Mississippi	50,000		51,550	— 650	52,100	72,000
Illinois	222,800		211,350	— 450	210,450	267,700
Indiana	13,800		13,100	— 1,600	13,500	18,400
Eastern— (Not incl. Ill., Ind. and Ky.)	86,600		78,300	+ 4,350	76,050	85,750
Kentucky	25,500		20,800	— 1,800	22,400	11,600
Michigan	60,100		55,550	— 1,400	56,700	61,900
Wyoming	98,800		91,200	— 5,650	97,800	88,450
Montana	23,300		21,350	----	21,350	21,700
Colorado	6,500		6,750	— 550	7,200	6,700
New Mexico	116,600	116,600	105,050	----	104,800	95,350
Total East of Calif.	3,717,100		3,457,950	+31,600	3,443,250	2,966,750
California	835,000	§835,000	777,500	+ 7,600	779,100	716,000
Total United States	4,552,100		4,235,450	+39,200	4,222,350	3,682,750

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June, 1943, as follows: Oklahoma, 27,000; Kansas, 4,900; Texas, 106,400; Louisiana, 19,300; Arkansas, 4,000; Illinois, 11,500; Eastern (not including Illinois, Indiana or Kentucky), 6,000; Kentucky, 2,200; Michigan, 100; Wyoming, 2,000; Montana, 300; New Mexico, 5,400; California, 46,000.

†Oklahoma, Kansas, Nebraska figures are for week ended Sept. 2, 1943.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 7 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED SEPT. 4, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

	Daily Refining Capacity		Crude Runs to Stills		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
District—	Potential Rate	% Reporting	Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	2,163	88.5	5,983	30,695	17,063	17,122
Appalachian—								
District No. 1	130	83.9	102	78.5	302	1,268	770	363
District No. 2	47	87.2	53	112.8	180	892	128	176
Ind., Ill., Ky.	824	85.2	719	87.3	2,515	13,723	5,823	3,311
Okla., Kans., Mo.	416	80.1	337	81.0	1,237	6,139	2,090	1,717
Rocky Mountain—								
District No. 3	8	26.9	8	100.0	30	53	15	28
District No. 4	139	57.7	94	67.6	317	1,225	390	721
California	817	89.9	738	90.3	1,779	17,407	12,394	44,237
Tot. U. S. B. of M. basis Sept. 4, 1943	4,825	86.4	4,214	87.3	12,343	†71,402	38,673	67,675
Tot. U. S. B. of M. basis Aug. 28, 1943	4,825	86.4	4,227	87.6	12,420	72,525	37,928	67,250
U. S. Bur. of Mines basis Sept. 5, 1942			3,675		11,224	79,093	43,426	78,602

*At the request of the Petroleum Administration for War. †Finished, 60,980,000 barrels; unfinished, 10,422,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,269,000 barrels of kerosine, 4,361,000 barrels of gas oil and distillate fuel oil and 8,703,000 barrels of residual fuel oil produced during the week Sept. 4, 1943, which compares with 1,434,000 barrels, 4,351,000 barrels and 8,732,000 barrels, respectively, in the preceding week and 1,239,000 barrels, 4,060,000 barrels and 7,000,000 barrels, respectively, in the week ended Sept. 5, 1942.

Note—Stocks of kerosine amounted to 10,725,000 barrels at Sept. 4, 1943, against 10,443,000 barrels a week earlier and 12,201,000 barrels a year before.

Bank Debits For Month Of August

The Board of Governors of the Federal Reserve System issued on Sept. 10 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

			—3 Months Ended—	
Federal Reserve District—	Aug. 1943	Aug. 1942	Aug. 1943	Aug. 1942
Boston	3,046	2,707	9,704	8,585
New York	23,309	20,174	77,429	61,247
Philadelphia	2,949	2,521	8,982	7,674
Cleveland	4,181	3,650	13,240	11,387
Richmond	2,401	2,189	7,312	6,605
Atlanta	2,133	1,815	6,585	5,443
Chicago	9,795	8,332	30,374	25,393
St. Louis	1,755	1,600	5,506	4,949
Minneapolis	1,318	1,042	3,890	3,081
Kansas City	2,132	1,811	6,653	5,406
Dallas	1,736	1,517	5,537	4,442
San Francisco	5,860	4,630	17,644	13,598
Total, 334 centers	60,614	51,989	192,856	157,811
*New York City	21,221	18,324	70,661	55,326
*140 other centers	33,359	28,286	103,273	86,005
193 other centers	6,034	5,379	18,923	16,480

*Included in the national series covering 141 centers, available beginning in 1919.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 11 a summary for the week ended Sept. 4 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Sept. 4, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of orders	11,965
Number of shares	328,559
Dollar value	12,681,441
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	102
*Customers' other sales	12,828
Customers' total sales	12,930
Number of Shares:	
Customers' short sales	3,777
*Customers' other sales	312,964
Customers' total sales	316,741
Dollar value	10,350,839
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	360
†Other sales	84,750
Total sales	85,110
Round-Lot Purchases by Dealers—	
Number of shares	106,540

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended September 4, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 446 mills reporting to the National Lumber Trade Barometer exceeded production by 0.8% for week ended Sept. 4, 1943. In the same week new orders of these mills were 4.8% less than production. Unfilled order files in the reporting mills amounted to 109% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 9.1%; orders by 10.8%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 11.8% greater; shipments were 12.2% greater; and orders were 11.1% greater.

Kettering Asks All To Plan For Peace

Charles F. Kettering, Vice-President of the General Motors Corp., addressing the war-time conference of the Associated Press Managing Editors Association on Sept. 10 at Chicago, said "that there ought to be in the United States 130,000,000 post-war planning organizations—each one should do his own thinking." Associated Press advices from Chicago, on Sept. 10 also quoted Mr. Kettering as saying:

"You have a responsibility greater than any business in America because so many people depend on you for their thinking. It is up to your organization to lay the long-term foundations. No man can prescribe the rules by which civilization is to go forward any more than this group."

Revenue Freight Car Loadings During Week Ended Sept. 4, 1943 Decreased 2,932 Cars

Loading of revenue freight for the week ended Sept. 4, 1943, totaled 901,075 cars, the Association of American Railroads announced on Sept. 10. This was an increase above the corresponding week of 1942 of 13,115 cars, or 1.5%, and an increase above the same week in 1941, which included Labor Day holiday of 103,284 cars or 12.9%.

Loading of revenue freight for the week of Sept. 4, decreased 2,932 cars, or 0.30% below the preceding week.

Miscellaneous freight loading totaled 398,604 cars, an increase of 182 cars above the preceding week, but a decrease of 21,453 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 101,889 cars, a decrease of 590 cars below the preceding week, but an increase of 12,892 cars above the corresponding week in 1942.

Coal loading amounted to 177,212 cars, a decrease of 1,557 cars below the preceding week, but an increase of 11,112 cars above the corresponding week in 1942.

Grain and grain products loading totaled 54,277 cars, a decrease of 11 cars below the preceding week, but an increase of 10,193 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Sept. 4, totaled 38,718 cars, a decrease of 343 cars below the preceding week but an increase of 8,873 cars above the corresponding week in 1942.

Live stock loading amounted to 17,596 cars, an increase of 1,207 cars above the preceding week, and an increase of 1,453 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Sept. 4, totaled 13,385 cars, an increase of 1,015 cars above the preceding week, and an increase of 1,052 cars above the corresponding week in 1942.

Forest products loading totaled 47,442 cars, a decrease of 855 cars below the preceding week and a decrease of 5,000 cars below the corresponding week in 1942.

Ore loading amounted to 89,342 cars, a decrease of 1,149 cars below the preceding week but an increase of 3,480 cars above the corresponding week in 1942.

Coke loading amounted to 14,713 cars, a decrease of 159 cars below the preceding week, but an increase of 438 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Pocahontas, Southern and Centralwestern and all districts reported increases compared with 1941.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
4 weeks of August	3,554,446	3,487,905	3,581,350
Week of September 4	901,075	887,960	797,791
Total	28,859,949	29,624,401	28,525,330

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 4, 1943. During this period 70 roads should increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 4

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	243	339	479	1,622	1,415
Bangor & Aroostook	1,039	941	715	442	190
Boston & Maine	6,708	6,433	7,776	14,839	14,216
Chicago, Indianapolis & Louisville	1,502	1,534	1,433	2,242	1,980
Central Indiana	33	19	17	55	62
Central Vermont	1,058	1,088	1,333	2,468	2,814
Delaware & Hudson	6,295	6,437	6,466	11,010	11,450
Delaware, Lackawanna & Western	7,818	7,806	8,780	10,786	10,712
Detroit & Mackinac	231	580	277	104	300
Detroit, Toledo & Ironton	2,041	1,735	2,123	1,259	1,340
Detroit & Toledo Shore Line	330	274	270	2,710	2,685
Erie	14,344	13,235	13,627	19,691	16,848
Grand Trunk Western	3,717	3,977	4,342	8,408	8,562
Lehigh & Hudson River	182	211	162	3,237	3,313
Lehigh & New England	2,067	2,487	2,045	1,676	2,068
Lehigh Valley	8,792	8,668	9,073	16,401	15,060
Maine Central	2,465	2,229	2,634	2,892	2,600
Monongahela	6,462	6,248	5,608	445	442
Montour	2,431	2,387	2,344	235	31
New York Central Lines	57,318	50,017	46,177	57,437	57,401
N. Y., N. H. & Hartford	10,155	9,866	10,378	18,618	19,537
New York, Ontario & Western	1,090	1,048	1,112	2,433	2,474
New York, Chicago & St. Louis	6,808	8,447	6,460	17,501	16,093
N. Y., Susquehanna & Western	647	350	406	2,077	1,999
Pittsburgh & Lake Erie	8,050	8,163	7,694	9,186	8,667
Pere Marquette	5,244	5,853	5,358	7,377	6,071
Pittsburg & Shawmut	947	880	519	13	33
Pittsburg, Shawmut & North	385	360	422	356	278
Pittsburgh & West Virginia	1,232	978	889	2,571	3,538
Rutland	330	418	562	1,018	973
Wabash	6,069	6,445	5,369	12,082	12,873
Wheeling & Lake Erie	6,148	5,291	5,225	4,444	5,225
Total	172,181	164,744	160,075	235,635	231,250
Allegheny District—					
Akron, Canton & Youngstown	697	736	686	1,187	1,115
Baltimore & Ohio	45,116	42,769	38,225	29,612	26,354
Bessemer & Lake Erie	6,822	6,422	6,665	2,204	2,623
Buffalo Creek & Gauley	301	267	260	4	4
Cambria & Indiana	1,751	1,897	1,840	6	9
Central R. R. of New Jersey	7,259	7,440	7,469	21,537	19,814
Cornwall	691	672	683	53	57
Cumberland & Pennsylvania	223	257	266	10	9
Ligonier Valley	146	135	119	47	55
Long Island	2,009	1,183	867	4,381	3,985
Penn-Reading Seashore Lines	2,099	2,288	1,884	3,047	2,349
Pennsylvania System	87,460	85,119	79,857	71,635	62,121
Reading Co.	15,935	15,513	15,783	29,365	27,825
Union (Pittsburgh)	20,851	20,430	19,191	8,016	7,231
Western Maryland	4,406	3,967	3,908	12,206	13,432
Total	195,766	189,095	177,703	183,310	166,983
Pocahontas District—					
Chesapeake & Ohio	28,992	28,239	27,086	14,343	13,767
Norfolk & Western	22,563	23,552	21,971	7,463	6,876
Virginian	4,580	4,542	4,157	2,282	2,298
Total	56,135	56,333	53,214	24,088	22,941
Southern District—					
Alabama, Tennessee & Northern	301	354	394	353	339
Atl. & W. P.—W. R. R. of Ala.	643	683	942	2,641	2,773
Atlanta, Birmingham & Coast	691	682	883	1,056	1,063
Atlantic Coast Line	11,266	11,076	10,322	10,334	9,541
Central of Georgia	3,926	3,909	4,319	4,583	4,344
Charleston & Western Carolina	419	376	442	1,336	1,534
Clinchfield	1,669	1,768	1,696	2,682	2,609
Columbus & Greenville	364	396	298	159	247
Durham & Southern	108	116	200	1,051	572
Florida East Coast	1,177	903	416	1,265	1,516
Gainesville Midland	45	40	38	86	60
Georgia	1,187	1,494	1,312	3,190	2,806
Georgia & Florida	571	314	469	594	607
Gulf, Mobile & Ohio	4,516	4,370	3,739	4,609	4,619
Illinois Central System	29,201	28,241	22,979	18,025	18,210
Louisville & Nashville	25,131	25,719	23,358	12,448	10,899
Macon, Dublin & Savannah	185	186	208	664	733
Mississippi Central	247	302	204	535	1,203
Nashville, Chattanooga & St. L.	3,410	3,648	3,053	4,967	4,608
Norfolk Southern	1,141	1,342	1,472	1,426	2,179
Piedmont Northern	371	342	495	1,113	1,223
Richmond, Fred. & Potomac	489	439	385	9,612	8,864
Seaboard Air Line	9,867	10,596	9,029	8,111	8,782
Southern System	22,209	23,469	22,059	23,883	24,450
Tennessee Central	935	527	477	1,196	821
Winston-Salem Southbound	124	95	126	957	1,169
Total	120,193	121,387	109,315	116,876	115,771
Northwestern District—					
Chicago & North Western	21,299	21,273	19,739	15,457	15,088
Chicago Great Western	3,182	2,653	2,684	3,336	3,750
Chicago, Milw., St. P. & Pac.	23,395	22,025	20,363	12,564	12,909
Chicago, St. Paul, Minn. & Omaha	4,756	4,084	3,758	4,548	4,670
Duluth, Missabe & Iron Range	30,505	31,067	23,586	373	386
Duluth, South Shore & Atlantic	1,668	1,195	1,152	723	1,349
Elgin, Joliet & Eastern	8,715	9,917	9,903	11,187	10,853
Ft. Dodge, Des Moines & South	498	591	583	111	106
Great Northern	26,885	27,128	23,684	6,172	5,989
Green Bay & Western	558	505	535	1,062	879
Lake Superior & Ishpeming	2,501	2,227	2,467	62	61
Minneapolis & St. Louis	2,521	2,184	1,917	2,790	2,470
Minn., St. Paul & S. S. M.	8,103	8,246	6,794	3,006	3,102
Spokane International	13,551	12,620	10,418	6,058	5,795
Northern Pacific	159	277	127	581	601
Spokane, Portland & Seattle	3,068	2,874	2,157	3,917	3,657
Total	151,364	148,866	129,867	71,947	71,665
Central Western District—					
Atch., Top. & Santa Fe System	23,342	22,954	20,576	13,341	13,012
Alton	3,616	3,644	2,978	4,329	4,856
Bingham & Garfield	462	549	673	78	96
Chicago, Burlington & Quincy	20,772	20,293	16,873	12,396	12,151
Chicago & Illinois Midland	3,079	2,447	2,630	918	1,033
Chicago, Rock Island & Pacific	12,171	12.835	11,799	13,028	13,023
Chicago & Eastern Illinois	2,738	2,856	2,504	5,490	4,507
Colorado & Southern	932	910	762	2,047	1,869
Denver & Rio Grande Western	4,470	6,125	4,462	6,314	6,189
Denver & Salt Lake	803	820	714	24	18
Fort Worth & Denver City	1,163	1,382	874	1,269	1,702
Illinois Terminal	1,734	1,846	1,733	2,146	2,534
Missouri-Illinois	1,212	1,246	1,012	572	488
Nevada Northern	2,151	2,200	1,626	135	105
North Western Pacific	1,041	1,307	1,039	700	742
Peoria & Pekin Union	32	2	8	0	0
Southern Pacific (Pacific)	31,657	32,973	26,305	13,689	10,712
Toledo, Peoria & Western	312	330	299	1,955	1,589
Union Pacific System	16,918	16,606	15,946	17,320	16,059
Utah	581	514	506	5	5
Western Pacific	2,333	2,462	1,755	4,631	3,787
Total	131,519	134,301	115,074	100,387	94,475
Southwestern District—					
Burlington-Rock Island	343	955	137	176	163
Gulf Coast Lines	4,013	3,983	2,916	3,455	2,705
International-Great Northern	2,668	3,195	1,824	3,483	2,678
Kansas, Oklahoma & Gulf	252	328	224	1,072	1,207
Kansas City Southern	6,262	5,166	2,583	2,298	2,897
Louisiana & Arkansas	3,217	4,149	2,164	2,750	2,548
Litchfield & Madison	348	308	247	1,433	1,375
Midland Valley	795	634	797	279	200
Missouri & Arkansas	116	179	109	249	478
Missouri-Kansas-Texas Lines	5,869	5,528	3,957	6,166	5,190
Missouri Pacific	18,834	18,381	15,300	20,016	21,178
Quanah Acme & Pacific	102	65	103	441	176
St. Louis-San Francisco	9,337	10,242	7,877	9,823	8,914
St. Louis Southwestern	2,616	2,927	2,670	6,738	6,340
Texas & New Orleans	13,965	12,628	7,438	5,377	4,877
Texas & Pacific	5,077	4,465	4,045	6,693	8,089
Wichita Falls & Southern	82	84	126	52	27
Weatherford M. W. & N. W.	15	17	26	27	18
Total	73,917	73,234	52,543	70,528	69,060

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93
Jun. 19	136,166	142,865	561,945	95	93
Jun. 26	133,808	145,324	547,301	96	93
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93
July 31	153,646	150,337	571,705	97	93
Aug. 7	177,541	146,515	600,338	94	93
Aug. 14	143,629	154,747	586,901	98	93
Aug. 21	133,446	150,012	568,361	95	93
Ang. 28	148,381	147,494	570,859	96	93
Sept. 4	177,766	150,943	598,255	97	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

OPA Orders Food Price Rollback To Reduce Living Costs 2%

A sweeping price reduction program designed to lower the cost of living for consumers by 2.3% and effect substantial savings in retail prices of potatoes, lard, apples, oranges and other products was announced on Sept. 13 by Chester Bowles, General Manager of the Office of Price Administration.

Mr. Bowles told a press conference that the rollback would be accomplished through a $100,000,000 Government program of transportation subsidies, Government crop purchase and resale, and, in the case of peanut butter and probably lard, rollback subsidies within the financial limits set by Congress.

Partial effects of the program will be felt by mid-October or November, Mr. Bowles stated.

His remarks were further reported in Associated Press Washington advices of Sept. 13 as follows:

It will be followed up with a price program on winter fruits and vegetables, which Mr. Bowles said would bring their prices down to about 15% less than last winter.

The $100,000,000 now is available, but additional funds from Congress will be necessary, Mr. Bowles said, in order to hold down the price of milk.

Asserting that some action would be necessary very soon to put a lid on milk prices and still encourage expanded output from dairy farms, Mr. Bowles said he hoped Congress would approve the use of a subsidy or production bonus payments to producers.

The OPA program expected to be announced shortly will, according to Mr. Bowles, achieve the following price reductions to consumers on staple grocery store items:

Apples—A cut to 8.75 or 9 cents a pound, by comparison with prices of 10, 12 or 15 cents at present; a theoretical decline of 17%.

Oranges—A cut to 9.7 cents a pound at retail, as an annual average, compared with a present average of 11.2 cents a pound.

Potatoes—A rollback to 3.5 cents a pound annual average, compared with 4 cents and up.

Lard, vegetable oils and salad oils—Down one cent a pound. The lard average now is 18.9 cents.

Peanut butter—A new top ceiling of 26.5 cents a pound compared with the present level of about 33.3 cents.

The program was worked out with the War Food Administration and the Office of Economic Stabilization, headed by Fred M. Vinson. A letter confirming the program was received by Mr. Bowles from Mr. Vinson last week, but the OPA and the WFA already had brought the program to an advanced stage and previously had announced that immediate steps would be taken to cut the cost of living by 4.7% to bring it down to the "rollback" date of Sept. 15, 1942.

Mr. Bowles said the food price actions shortly to be taken, coupled with improved compliance and enforcement measures, would bring the national cost of living down to a level only 1.2 or 1.3% above the Sept. 15 level.

The new enforcement procedures, shortly to be announced, will themselves accomplish slightly more than a one-point reduction in living costs, Mr. Bowles said.

Items About Banks, Trust Companies

In addition to the limited banking facilities which Manufacturers Trust Co. of New York made available to Navy Yard personnel when it established its first office in the Brooklyn Navy Yard several weeks ago, the bank is now offering special checking accounts, commercial checking accounts and special interest accounts. The Manufacturers Trust Co. now has three offices in the Yard. One is located near the Sands Street gate, another near the Cumberland Street gate and the third near the Clymer Street gate. Additional offices are expected to be opened in the near future so as to provide adequate banking facilities for the tens of thousands of Navy Yard employees as well as the Navy personnel stationed in the Yard. Previous reference to the branch appeared in these columns Aug. 26, page 844.

Charles V. A. Walsh, who retired as an Assistant Secretary of the Irving Trust Co., New York City, in 1938, after 50 years in banking, died on Sept. 9 at his home in Madison, N. J. He was 71 years old. Mr. Walsh started his banking career with the American Exchange National Bank in 1889, and when that institution merged with the Irving in 1926 he became an Assistant Secretary of the consolidated bank.

At the regular meeting of the Board of Directors of The National City Bank of New York held on Sept. 14, C. Theodore Gardner was appointed an Assistant Cashier.

A final sale of the remaining assets of the former First National Bank & Trust Co. of Yonkers, N. Y., was held on Sept. 10 in the office of the Federal Bank Receiver William Oosterhuis. The book value was $651,253. Advices to the New York "Times" stated:

"Assets consisted largely of promissory notes. They were bought by Fred C. Ehnes of Newark, N. J., for $8,300. J. Allen Rhodes was the auctioneer. In addition to the $651,253 worth of assets, 20,000 shares of common stock of United Piece Dye Works, owned by the bank receivership, were auctioned off separately and were bought for $6,300 by Fred Strauss of New York City."

Perry E. Wurst, Executive Vice-President of the Manufacturers and Traders Trust Co., Buffalo, N. Y., died on Sept. 5 at the age of 65.

At his death he was also Treasurer and Director of the Healey Petroleum Co. of Bradford, Pa.; Vice-President and a Director of the American Extract Co. and Vice-President, Secretary and a Director of the Taber Pump Co.

In addition, he was a Director of the American Hide and Leather Co. of Boston, the Buffalo Cement Co., the Abstract Title and Mortgage Co., the Manufacturers and Traders Safe Deposit Co., the Bank of Corfu, the Western New York and Pennsylvania Railroad Co., the Jefferson County Gas Co. of Bradford and the Ward Pecos Petroleum Co.

Mr. Wurst served several terms as a member of the State Banking Board.

Elliott C. McDougal, former President and Chairman of the Board of the Marine Trust Co., Buffalo, N. Y., and previously President of the Bank of Buffalo, died in a Buffalo hospital on Sept. 7 at the age of 84.

Mr. McDougal had retired from active banking in 1928, the 50th anniversary of his entry into the banking business. He began his career as a messenger with the old Marine National Bank in 1878 and in the following year became connected with the Bank of Buffalo, an association which continued throughout 41 years. Mr. McDougal had served as President of the Bank of Buffalo for 24 years, and when the institution was merged with the Marine Trust Co. in 1920 he was elected President of the new institution. The Buffalo Trust Co. and the Marine bank merged in 1925 with Mr. McDougal becoming Chairman of the Board of the combined organization.

G. Edward Prouty, Boston financier, died on Sept. 7 at his home in Littleton, Mass., at the age of 58. Mr. Prouty entered the stock brokerage business in 1907, after being graduated from Massachusetts Institute of Technology. For the next 18 years he was associated with the Boston and New York Stock Exchange firm of Hayden, Stone & Co. He resigned in 1926 to become an officer of A. B. Conant & Co., but subsequently devoted his time to his own investments. He was a Director of the Concord (Mass.) National Bank.

The First National Bank of Philadelphia on Sept. 7 opened its new main office in the building acquired from Drexel & Co. at the corner of 15th and Walnut Streets. The growth of the First National forced the bank to find additional space and it is believed the new quarters will provide adequate facilities for many years to come. The location at 315 Chestnut Street, which has been the main office of the bank for 78 years, will henceforth be known as the downtown office.

The First National Bank of Philadelphia was the first National Bank in the United States, having been chartered on June 20, 1863. The bank was opened for business July 11, 1863, and recently completed its 80th year of continual public service, in every one of which a dividend has been paid to shareholders.

As of June 30, 1943, the First National Bank had total assets of $167,896,506 and total deposits of $157,083,408. Its capital is listed at $3,111,000 and surplus at $4,000,000, while undivided profits are reported at $2,294,354. Harry C. Carr is President of the institution.

The Tradesmen's National Bank of Conshohocken, Pa., announced on Sept. 10 plans to go into voluntary liquidation. A stockholders' meeting is scheduled for Oct. 11, at which a definite decision will be made for liquidating the 61-year-old institution.

J. R. Wood, Chairman and President of the bank, according to advices to the Philadelphia "Inquirer," explained that the "move to liquidate is entirely voluntary and was taken solely because we believe it to be in interest of community, depositors and shareholders. It is felt interest of community can best be served by having one large banking institution which can operate more economically."

The First National Bank, only other bank in Conshohocken, has offered through its President, Donald P. Horsey, to assist with liquidation and has invited officers of Tradesmen's to become members of First National Bank.

Henry Stauffer King, founder and former President of the Security Storage & Trust Co. and former Vice-President of the Hopkins Place Savings Bank, died on Sept. 6 at his home in Baltimore. He was 93 years old. The following regarding Mr. King's career was reported in the Baltimore "Sun" of Sept. 7:

"In 1894 he organized the Security Storage & Trust Co., later becoming its President and retaining that post until his retirement from business in 1927.

"He was a member of the original incorporators of the Hopkins Place Savings Bank, serving for a time as Vice-President, and was a member of its board until his death.

"He was a Director of the Title Guarantee & Trust Co., the Mortgage Guarantee Co., the original Equitable Trust Co. and the Mount Royal Improvement Association, and also was one of the incorporators of the old Guardian Trust Co., now the Maryland Trust Co."

Potter Palmer, member of one of Chicago's pioneer families and a Director of the First National Bank of Chicago, died on Sept. 3 at Santa Barbara, Calif. Mr. Palmer, who was 67 years old, was also President of the Chicago Art Institute.

Reginald McKenna, Chairman of the Midland Bank, Ltd., London, since 1919, died in London on Sept. 6 at the age of 80. Mr. McKenna had been a prominent political figure in England before he went into the banking business. He was First Lord of the Admiralty from 1908 to 1911, Home Secretary from 1911 to 1915 and Chancellor of the Exchequer in 1915-16.

The directors of the Midland Bank Ltd. of London recently announced that the Right Hon. The Earl Peel has been elected to a seat at their board and at the board of the Midland Bank Executor & Trustee Co. Ltd.

The First National Bank of Chicago declared on Sept. 10 an extra dividend of 50 cents a share in addition to regular quarterly dividend of $2.50 per share, payable Oct. 1 to stock of record Sept. 18. The bank also declared a special dividend of stock of the Uptown National Bank of Chicago, at the rate of one share of Uptown stock for each 25 shares of First National Bank stock Reporting this, Chicago advices to the "Wall Street Journal" of Sept. 11 added:

"First National shareholders who own less than 25 shares will be paid the sum of $1.60 in cash in lieu of fractional shares of Uptown Bank stock.

"The First National Bank owns 11,800 shares of $25 par Uptown National Bank stock out of a total of 12,000 shares outstanding.

"To provide the cash payments in lieu of fractional shares of Uptown stock, First National Bank has arranged with A. G. Becker & Co. to purchase such Uptown shares as shall remain as a result of non-distribution of fractional shares at a price of $40 per share.

"The Uptown Bank has not paid dividends to date, but it is expected that dividends will be inaugurated on or about Jan. 1, 1944, at the annual rate of $2 per share, by the declaration of a semi-annual dividend of $1 per share, according to Edward E. Brown, President of the First National Bank."

Dismisses Charges Against Publisher

The charges against Ralph B. Chandler, publisher, were dismissed on Sept. 14 by Probate Judge Norvelle R. Leigh Jr. Mr. Chandler was convicted of contempt of court for publishing an editorial criticizing the decision of a Mobile jurist, said United Press advices on Sept. 14 from Mobile, Ala., from which we also quote.

In upholding what he termed 'the constitutional liberty of the press," Judge Leigh ruled that "after a Judge or Court has rendered final judgment, anyone may criticize such final judgment as he pleases, subject only to criminal prosecution and civil suit if his criticism is slanderous or libelous."

WLB Rules Federal Power Supersede States' In Wartime

The War Labor Board rules on Aug. 28 that during wartime the powers of the President and Congress supersede acts of State Legislatures in labor relations matters.

The opinion was written by Wayne L. Morse, public member of the Board, in a case involving the J. Greenebaum Tanning Co. of Milwaukee and the Wisconsin Employment Peace Act.

In Associated Press Washington advices, the ruling was described as follows:

"The WLB directed the company to grant a standard voluntary maintenance of membership clause and voluntary check-off to the International Fur and Leather Workers Union of America and Canada, Local 260, CIO.

"The company objected on the grounds that the Board did not have authority to grant maintenance of membership under the Wisconsin act and under the provisions of the War Labor Board Disputes Act, which reads in part that 'the Board shall conform to the provisions of the National Labor Relations Act.'"

Mr. Morse, Dean of the University of Oregon Law School, said that the Board was fully aware that its decisions must not invade the province of State sovereignty, but added:

"No law of a State which is aimed at inserting conditions in a collective bargaining contract between an employer and the bargaining agent of the employees can be said to supersede any order of the War Labor Board regulating relations between employer and employee in time of war when the power to issue that regulation flows from the war powers of the United States."

The Wisconsin act provides that an agreement for union security is invalid unless "three-fourths or more of the employees in such collective bargaining unit shall have voted affirmatively by secret ballot "in favor of the union security clause.

"It should be noted, however, that the instant case does not involve a dispute between the State of Wisconsin and State employees," Mr. Morse said.

"The War Labor Board's ruling upon maintenance of membership does not invade the province of the sovereignty of the State of Wisconsin. Rather, its ruling constitutes an exercise of war power over private contracts which power supplants that of the State in time of war."

Asserting that the safety of the nation demands that the war power of the United States be regarded as supreme in cases of this type, Mr. Morse added:

"The Supreme Court made it clear that if a State act purports to work a forfeiture of the rights granted by the National Labor Relations Act, such portion of the State act is a nullity."

The Board, in its directive order, denied a general wage increase of 7½ cents an hour demanded by the union. It ordered the parties to start negotiating immediately to eliminate any intraplant wage inequalities which may exist, and if the parties fail to reach an agreement within 30 days either party may refer the matter back to the Board for final decision.

Gen. Chiang Elected President Of China

Generalissimo Chiang Kai-shek was elected President of the National Government of China at a meeting of the Kuomintang's Central Executive Committee in Chungking on Sept. 13. The announcement was made by Mr. Chu Cheng, President of the Judicial Yuan, who presided over the election meeting, and was greeted with long applause. The Chinese News Service in New York, in making this known, said:

"According to the Organic Law of the National Government, the President of the National Government shall be the head of the Republic of China in foreign relations and Commander-in-Chief of the land, naval and air forces.

"Dr. Sun Fo, Mr. Chu Cheng, Mr. Tai Chi-tao, Mr. Yu Yu-jen, Dr. H. H. Kung, Mr. Yeh Chu-tsang, Mr. Chin Cheng, Dr. Chu Chia-hua and Mr. Liu Shang-ching were elected State Councillors of the National Government.

"Generalissimo Chiang Kai-shek and Dr. H. H. Kung were reappointed President and Vice-President of the Executive Yuan; Dr. Sun Fo and Mr. Yeh Chu-tsang, President and Vice-President of the Legislative Yuan; Mr. Chu Cheng and Mr. Chin Cheng, President and Vice-President of the Judicial Yuan; Mr. Yu Yu-jen and Mr. Liu Shang-ching, President and Vice-President of the Control Yuan, and Mr. Tai Chi-tao and Dr. Chu Chia-hua, President and Vice-President of the Examination Yuan."

F. C. Crawford Warns Of War Output Lag

American industry is not producing what is needed to win the war, Frederick C. Crawford, President of the National Association of Manufacturers, warned on Sept. 11 in a radio address. Pointing out that American industry had pledged to deliver $65,000,000,000 worth of war material, Mr. Crawford said this "promise" would not be fulfilled unless monthly production is increased by $250,000,000 over each preceding month until the end of the year.

In the New York "Journal-American" of Sept. 12, Mr. Crawford's remarks were further reported:

Mr. Crawford revealed hitherto secret figures, stating that industry has "promised the General Staff more than we have been giving them."

"We have promised them $65,000,000,000 worth of war materials this year, twice as much as last year."

In his address, entitled "What Is Wrong With War Production?" Crawford frankly told the nation that:

"Aircraft production must be stepped up 45% over what we've been turning out; merchant ship output must be increased 25%. So, too, through all the other categories of equipment."

Mr. Crawford listed four factors which he said are hampering the war effort. They are:

"There is too much individual inefficiency and failure to do the fullest possible day's work.

"There is altogether too much labor turnover—too much jumping from job to job for higher wages.

"There is an alarming rate of absenteeism in war industries.

"There are altogether too many—and I say that one is too many—strikes and slowdowns."

Mr. Crawford said he was not "trying to pass the buck to labor," but that management, too, "has got to do a better job, and Government has got to do a better job than it has been doing."

Problems confronting insufficient war production, Mr. Crawford said, cannot be solved "in front office or by act of Congress." He continued:

"We want to solve these difficulties the American way. They can be solved only by a change in the heart and conscience of every one of us. Each of us, through self-discipline, must answer for and to himself."